



Daily Report—

China

FBIS-CHI-91-110
Friday
7 June 1991

Daily Report

China

FBIS-CHI-91-110

CONTENTS

7 June 1991

NOTICE TO READERS: An * indicates material not previously disseminated in electronic form.

INTERNATIONAL AFFAIRS

General

Vice President Quayle's E. European Tour Noted	1
Promises Open U.S. Market /XINHUA/	1
Meets Vaclav Havel /XINHUA/	1
To Address Security Meeting /XINHUA/	1
UN Proposes Guidelines for Iraq Arms Embargo /XINHUA/	1
Chinese Support For 'Use' of Outer Space /XINHUA/	1
China Named International Arbitration Center /XINHUA/	2
Beijing Considers Energy, Environmental Issues	2
Hosts International Meeting /XINHUA/	2
Own Efforts Highlighted /XINHUA/	3
Asian-Pacific Security Seminar Held in Manila /XINHUA/	3

United States & Canada

Import Mission Spends \$1.2 Billion in U.S. /XINHUA/	3
First U.S. Bank Branch Set Up in Shanghai /XINHUA/	4
Growth of U.S. Business Slowing /XINHUA/	4
Joint Farming Venture With Canada Launched /XINHUA/	4

Soviet Union

Jiang Zemin Meets Visiting Veterans Group /XINHUA/	5
Journal Publishes Jiang's 17 May Kremlin Speech /BEIJING REVIEW No 21/	5
CPSU Says No to Name Change for Leningrad /XINHUA/	10
KGB Claims Victory Against Terrorism /XINHUA/	10

Northeast Asia

Japanese Trade Delegation Meets Li Peng, Others	11
Li Discusses Reform /XINHUA/	11
More On Li Comments /Tokyo KYODO/	11
Group Meets Vice Premier /XINHUA/	11
Zhu Rongji Briefs Group /XINHUA/	12
Paper On Japanese Investments /CHINA DAILY 6 June/	12
Relations With North Korea Highlighted	12
Delegation Continues Visit /XINHUA/	12
Past Li Peng Visit Remembered /RENMIN RIBAO 4 Jun/	13
Film of Visit Shown /XINHUA/	13
Reportage on Events in South Korea	13
Education Minister Resigns /XINHUA/	13
Poll Cites Concerns /XINHUA/	13
Mongolia's Domestic Situation Reviewed	14
'Scathing' Party Statement Noted /XINHUA/	14
Privatization To Start /XINHUA/	14

Southeast Asia & Pacific

Reportage on President Yang's Trip to Indonesia	15
---	----

Holds Talks With Suharto /ZHONGGUO XINWEN SHE/	15
'New Page' In Ties Cited /XINHUA/	15
Wants ASEAN Role /XINHUA/	16
Discusses World Situation /XINHUA/	16
Assesses Cambodian Issue /XINHUA/	17
Further on Presidential Talks /XINHUA/	17
Meets Chinese Embassy Staff /XINHUA/	18
Visits Theme Park /XINHUA/	18
Foreign Ministers Talk /XINHUA/	18
Discussions Continue /XINHUA/	19
Paper Examines Visit /Hong Kong WEN WEI PO 7 June/	20
Biography Issued For Trip /XINHUA/	21

Near East & South Asia

Party Delegation Meets Tunisian President /XINHUA/	21
Pakistan's Sharif Expresses Security Concerns	22
Proposes Arms Talks /XINHUA/	22
Terms India 'Serious Threat' /XINHUA/	22
Chinese Engineers Kidnapped in Pakistan Released /XINHUA/	23

West Europe

Relations With UK Receive Attention	23
Envoy Expresses Optimism /XINHUA/	23
Liaison Group To Meet /XINHUA/	23

Latin America & Caribbean

Bank Governor Meets Mexican Counterpart /XINHUA/	24
Light Industrial Products Given to Venezuela /XINHUA/	24
Delegation To Cuba, Venezuela Returns Home /XINHUA/	24
Jamaican Prime Minister Ends PRC Visit /XINHUA/	24

NATIONAL AFFAIRS

Political & Social

Reports Continue on Tiananmen Anniversary	25
Foreign Reports Cite Harrassment /AFP/	25
Week's Events Summarized /AFP/	25
Delay in Announcing Jiang Qing's Death Explained /HONGKONG STANDARD 7 Jun/	26
Feature Film Depicts Mao's Private Life /XINHUA/	26
Shanxi Secretary Urges Fighting Corruption /RENMIN RIBAO 22 May/	27
Reports on Crime, Counter-Measures Examined	28
Criminal Procuratorial Talks Begin /XINHUA/	28
Procuratorate Reports Arrests /ZHONGGUO XINWEN SHE/	29
Crime Rate Alarms Authorities /HONGKONG STANDARD 7 Jun/	29
Drug Problem in Southwest Regions /HONGKONG STANDARD 7 Jun/	30
Deng Urges Resolution of Zhao Ziyang Problem /Hong Kong CHENG MING 1 Jun/	31
Achievements in Reforming Cadre System Detailed /XINHUA/	33
CPC Organization Department on Advanced Members /XINHUA/	34
HK Paper Views Ye Xuanping's Status /SOUTH CHINA MORNING POST 7 Jun/	35
Environmental Protection Measures Stepped Up /CHINA DAILY 6 Jun/	35
Forum Urges Language Standardization /XINHUA/	36

Science & Technology

Minister Li Zongtang Backs Engineering Technology /XINHUA/	36
Qian Xuesen on Importance of Science, Technology /RENMIN RIBAO 21 May/	37
Survey Shows Scientific-Technological Advances /XINHUA/	39
Articles Cited on Sophisticated High-Tech Industry /XINHUA/	40

Military

Jiang Zemin Writes Inscription for Militia Class /XINHUA/	41
PLA Circular Commends Military Enterprises /XINHUA/	41
Guide to Books on Art of War Published /XINHUA/	42
Research, Writings Foster Army Building /XINHUA/	42
Hebei Official Interviewed On Militia's Role /Shijiazhuang HEBEI RIBAO 29 Apr/	43
Hohhot Official Addresses Army-Civilian Meeting /Hohhot Radio/	43
Military Terminology Lexicon Passes Appraisal /XINHUA/	44

Economic & Agricultural

Li Peng Outlines China's Economic Reform /XINHUA/	44
CPC Leaders Stress Economic Stability, Unity /Hong Kong WEN WEI PO 5 Jun/	45
RENMIN RIBAO on 'Quadrupling' GNP /21 May/	45
'Special Article' on Current Structural Reform /Hong Kong WEN WEI PO 20 May/	47
Reform of Property Rights Management System /JINGJI RIBAO 4 May/	48
Economic Consequences of Greenhouse Effect Studied /CHINA DAILY 5 Jun/	50
Agricultural Mechanization Steadily Develops /XINHUA/	50

REGIONAL AFFAIRS

East Region

Li Zemin Attends Zhejiang Provincial Meeting /Hangzhou Radio/	52
Li Zemin Attends Consultative Body Inauguration /Hangzhou Radio/	52
Zhejiang Governor Urges Enterprise Reform /ZHEJIANG RIBAO 25 May/	52
Zhejiang Adopts Legal System Resolution /ZHEJIANG RIBAO 26 May/	55
Cadre Shuffles In Zhejiang Province /Hangzhou Radio/	56
Stockholding Catches On in Zhejiang's Wenzhou City /XINHUA/	56

Southwest Region

Sichuan Secretary at Discipline Inspection Meeting /Chengdu Radio/	57
Tibetan Party Officials Host Discussions /Lhasa TV/	58
BEIJING REVIEW on Tibet's Economic Policies /No 22/	59
Report on Yunnan's Anti-Drug Efforts /Hong Kong WEN WEI PO 27 May/	60

North Region

Hebei Governor Seeks Accelerated Reform /HEBEI RIBAO 18 April/	60
Inner Mongolia's Reform Targets Outlined /Hohhot Radio/	68

PRC MEDIA ON TAIWAN AFFAIRS

CPC Office Issues Statement on Ties /XINHUA/	70
Official Views End of Mobilization Period /RENMIN RIBAO OVERSEAS EDITION 31 May/	71
Article Quotes Deng on Taiwan's 'Illusions' /Hong Kong CHING PAO 10 Jun/	72

General

Vice President Quayle's E. European Tour Noted

Promises Open U.S. Market

OW0706091091 Beijing XINHUA in English
0627 GMT 7 Jun 91

[Text] Warsaw, June 6 (XINHUA)—U.S. Vice President Dan Quayle said today that his country would open its markets as wide as possible for commodities from Poland and other East European nations.

At a meeting of the Conference on Security and Cooperation in Europe, in Krakow, Quayle said the U.S. move is a show of support to the changes that have taken place in Poland and other East European countries over the past two years.

Such a support is "necessary," because it conforms to the U.S. interests, added the U.S. vice president, who arrived here Wednesday for a two-day official visit.

During his stay here, Quayle held talks with Polish Prime Minister Jan Bielecki and President Lech Walesa.

Poland, Czechoslovakia and Hungary met difficulties in commodities exports after the Council for Mutual Economic Assistance was disbanded. Their goods could hardly enter West European markets because of low quality.

Meets Vaclav Havel

OW0706015491 Beijing XINHUA in English
0050 GMT 7 Jun 91

[Text] Prague, June 6 (XINHUA)—Czechoslovak President Vaclav Havel met today with U.S. Vice President Dan Quayle and the two leaders discussed bilateral relations and some international issues.

Dan Quayle arrived here this afternoon for a two-day visit to Czechoslovakia, where he would also meet with chairman of the Federal Assembly of Czechoslovakia Alexander Dubcek, Prime Minister Marian Calfa and newly-appointed Archbishop in Prague Miloslav Vlk.

After visiting Czechoslovakia, Dan Quayle will leave for Bulgaria to continue his East European trip which has taken him to Germany, Hungary and Poland. He is the first U.S. vice president to visit the country.

To Address Security Meeting

OW0706050791 Beijing XINHUA in English
0110 GMT 7 Jun 91

[Text] Prague, June 7 (XINHUA)—U.S. Vice-President Dan Quayle is scheduled to address the 7th annual meeting of the International East-West Security Society (IEWSS) here today.

The meeting which opened Thursday focuses its discussion on Western aid to Czechoslovakia, Poland and Hungary.

Present at the opening session were Czechoslovak President Vaclav Havel, Hungarian President Arpad Goncz and Polish Prime Minister Jan Krzysztof Bielecki.

The meeting has drawn over 300 noted politicians, entrepreneurs and bankers from Western countries.

The meeting, the first of its kind held in Eastern Europe, is expected to end on June 10.

UN Proposes Guidelines for Iraq Arms Embargo

OW0706011291 Beijing XINHUA in English
0006 GMT 7 Jun 91

[Text] United Nations, June 6 (XINHUA)—UN Secretary-General Javier Perez de Cuellar has proposed a set of guidelines to ensure implementation of the arms embargo against Iraq.

The guidelines covers all types of arms, including conventional, biological, chemical and all nuclear weapons and nuclear-weapon-useable materials, as well as ballistic missiles with a range of 150 kilometers and any spare parts and components of these weapons.

The UN chief proposed these guidelines in a report to the Security Council in line with Resolution 687, which decides that all states should continue to prevent the sale or supply to Iraq of arms and related materiel of all types.

The guidelines also prohibit all research, development and facilities for manufacturing or repairing weapons, and forbid Iraq from acquiring the appropriate technology and personnel for design, development, manufacture, use or maintenance of such weapons.

The proposal also sets out the mechanism for monitoring the arms sanctions. In order to do this, a UN committee will be set up as an organ for the council to keep track of any arms sale to Iraq.

The UN chief recommended in the report that all countries should report to him within 45 days after the guidelines have been approved by the council.

He also calls upon all countries to coopeprate with each other bilaterally or within the framework of existing regional arrangements to make the arms embargo against Iraq air-tight.

These guidelines have to be submitted to the Security Council for approval.

Chinese Support For 'Use' of Outer Space

OW0706085491 Beijing XINHUA in English
0616 GMT 7 Jun 91

[Text] Vienna, June 6 (XINHUA)—The 34th session of United Nations Committee on Peaceful Uses of Outer Space today closed in Graz city, south Austria.

The session examined ways and laws for maintaining the peaceful use of outer space, scientific subcommittee's report and some additional benefits from space technology.

The meeting also passed the committee's report which was submitted to U.N. 46th General Assembly.

Talking on the scientific subcommittee's report, Chinese representative Zheng Lizhong said Chinese Government consistently support the carrying out of outer space use programs.

Zheng said that using satellites to remotely sense the earth, including its application in developing countries, is a quite important question.

She appealed to the countries that own remote sensing technology to provide all countries around the world, especially the developing countries, with remote sensing data in time at reasonable prices.

Meanwhile, she stressed that present and future remote sensing technology systems should be compatible.

Zheng said the free access to the data provided by meteorological satellites should be maintained and China is willing to offer gratis the data of this kind to all nations around the world.

Talking about 1992's international space year, Zheng said China will sponsor a series of activities during the year, including a seminar held on September 23-27 this year titled "Use of Space Technology in Fighting Natural Disasters," a seminar on geoscience held in February or March 1992 in Beijing, and "Beijing International Seminar on Economic Benefit of Space Activities" in October.

In addition, China will support efforts made by the United States and participate in any campaign sponsored by the United States and relevant countries, she said.

Zheng also said that based on its development of space science and technology, China is willing to undertake the drafted plan to install a "regional education center of space science and technology in the Asian and Pacific region."

China Named International Arbitration Center

*OW0706040691 Beijing XINHUA in English
0152 GMT 7 Jun 91*

[Text] Beijing, June 7 (XINHUA)—The China International Economic and Trade Arbitration Committee announced today that China has become one of the world's arbitration centers.

The arbitration committee hears over 200 cases each year, and in the first quarter of this year the committee handled 72 cases, most of which were related to foreign-funded enterprises.

Cheng Dejun, the committee secretary-general, said that the number of cases handled by the committee is among the top arbitration organizations throughout the world, and that the committee's impartiality is recognized worldwide.

The committee, which was approved by the late Premier Zhou Enlai in 1954, is composed of senior judges, experienced lawyers, professors, personnel from government judicial departments and experts on economy and trade.

In recent years, a number of experts from Hong Kong and foreign countries have participated in arbitration cases heard by the committee. Cheng said that the experts have exhibited great cooperation with the committee.

Cheng said that the committee will enhance arbitration services and guarantee impartiality in order to gain even higher prestige in the future.

Beijing Considers Energy, Environmental Issues

Hosts International Meeting

*OW0606174491 Beijing XINHUA in English
1320 GMT 6 Jun 91*

[Text] Beijing, June 6 (XINHUA)—The transformation of the energy structure is the fundamental method by which China can improve its environment, a Chinese official said here today.

The present energy structure in China has led to serious pollution, a problem which should be regarded as the main task confronting the energy industry, according to Deng Nan, director of the social development department of the State Commission of Science and Technology.

She made these remarks today at the opening session of the international meeting on energy and the environment in the development process, which is jointly sponsored by the United Nations Department of Technical Cooperation for Development, the Chinese Ministry of Energy Resources, the Chinese Ministry of Foreign Economic Relations and Trade, and the Beijing municipal government.

The meeting is part of the preparatory work for the next world summit conference devoted to the environment and development, to be held in Rio de Janeiro in June 1992.

During the seven-day meeting, over 100 participants from 32 developing countries and eight developed countries and several international organizations will discuss the current policies and technology concerning the energy and the environment issue.

According to Deng Nan, China's average per capita energy consumption is only one-third the average world level. However, she said, the energy consumption per unit of gnp is twice as much as the average level of other countries.

As coal constitutes about 75 percent of China's energy structure, many Chinese cities have encountered severe air pollution and acid rain problems.

The focus of China's future energy development, Deng said, should be to improve its energy structure, which translates to expanding its natural gas, nuclear energy and hydro-electricity production capacities.

Meanwhile, she said, the efficiency of energy consumption should be raised so as to conserve the country's precious resources.

The transformation of the energy structure actually means transforming energy production and consumption techniques, Deng said, adding that advancing science and technology is the most important issue concerning energy and the environment.

Own Efforts Highlighted

OW0706015591 Beijing XINHUA in English
0053 GMT 7 Jun 91

[Text] Beijing, June 7 (XINHUA)—In recent years China has been actively participating in international activities related to environmental protection and playing an increasingly important role in the field.

Last year alone China sent more than 120 environment delegations to other countries and received environment delegations from over 50 countries.

Since the implementation of reform and open policies, China has strengthened its international cooperation in environmental protection by joining the "international union for the conservation of nature and natural resources", the "plan of man and the biosphere" and many other international environmental protection organizations.

China has helped train 60 special personnel in desert-control from Asian, African and Latin American countries, and dispatched desert experts to work in some African countries. Meanwhile, it has invited hundreds of foreign experts to China to give lectures or hold seminars on environmental protection.

Last year China signed protocols and memorandums on environmental protection projects with Mongolia, the Soviet Union, Finland, the U.N. Development Program and some other countries and international organizations.

Asian-Pacific Security Seminar Held in Manila

OW0606114091 Beijing XINHUA in English
1117 GMT 6 Jun 91

[Text] Manila, June 6 (XINHUA)—Philippine President Corazon Aquino today hailed the opening of a two-day international seminar on "ASEAN and the Asia-Pacific Region: Prospects for Security Cooperation" this morning in Makati, Metro Manila.

This is the first time for governments' officials and academic experts in the region to gather together "to take stock of the current phenomena of geopolitical and geoeconomic changes around the world," Mrs. Aquino said.

While the Cold War nears its end and a new world order remains to be defined, the president said, "a new dimension of emergent problems and challenges" begins to intrude more and more onto the forefront of national and regional strategic concerns.

Mrs. Aquino added that the Philippines believes that the security of the region should be the object of not just unilateral or even just bilateral attention, but deserves the concern of all the nations in the area.

The Manila seminar, the first of a two-seminar project jointly organized by the Foreign Ministries of the Philippines and Thailand, is attended by 80 participants and observers from 20 countries and regions.

Among the agenda topics are perspectives of major powers on the Asia-Pacific region, alternative responses to the changing security environment in Southeast Asia, conflict resolution, regional economic cooperation, prospects for defense and security cooperation within the Association of Southeast Asian Nations (ASEAN), and the impact of European integration upon the Asia-Pacific region.

43 experts from the government and academic sectors of their respective countries or regions will exchange views on possible forms of cooperation needed to ensure the security and stability of the region.

The experts attending the seminar come from Australia, Canada, China, France, Germany, Japan, South Korea, the United States, the Soviet Union, New Zealand, Britain, and six ASEAN member states of Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand.

The ambassadors to the Philippines from Mexico, Peru and Chile also attended the seminar as observers.

United States & Canada

Import Mission Spends \$1.2 Billion in U.S.

OW0706014591 Beijing XINHUA in English
0028 GMT 7 Jun 91

[Text] New York, June 6 (XINHUA)—China's import mission bought 1.2 billion dollar U.S. products, 200 million dollars more than planned, said officials of the mission before leaving San Francisco for home today.

Sun Zhenyu, deputy head of the import mission, said in a telephone interview that during the purchasing tour, the import mission bought two million tons of grains, 50,000 tons of cotton, 400,000 cubic meters of timber, a MD-11 airplane, 400,000 tons of chemical fertilizer, and large amount of electronics and paper products.

The mission consists of representatives from almost all the major Chinese trading companies.

It was divided into several groups that toured different U.S. cities during the two-week visit.

This was the second import mission of its kind sent from China.

The first one visited the United States in October last year.

First U.S. Bank Branch Set Up in Shanghai

*OW0506170891 Beijing XINHUA in English
1454 GMT 5 Jun 91*

[Text] Shanghai, June 5 (XINHUA)—The U.S.-owned Citibank opened its Shanghai branch today, which is the first U.S. bank branch set up in the city so far.

Richard S. Braddock, general director of Citibank, said in his speech at the opening ceremony that China is rapidly improving its economy, which is clearly represented in many fields ranging from increased merchandise trade to the growth of the gross national product.

He said that even more encouraging is President Bush's intention to extend the Most Favored Nation (MFN) status to China, recognizing MFN as the cornerstone of relations between our two countries.

He expressed his appreciation for China's reform and opening policies, saying that Citibank values its relationship with China very much and looks forward to expanding its role in facilitating China's economic development.

Citibank owns the most fixed assets of all U.S. banks. In 1990 the value of its fixed assets amounted to 216.986 billion U.S. dollars.

The bank has set up branches or agencies in more than 90 countries.

To date, the bank has set up two branches and two agencies in China, namely the branches in Shenzhen and Shanghai and the agencies in Beijing and Xiamen.

In 1987, Citibank helped raise money for Shanghai's key construction projects on behalf of the Shanghai branch of People's Construction Bank of China.

The new branch will deal in foreign currency business, including foreign currency deposits, investments, remittances, export and import accounts, securities exchanges and other related services. Shanghai and eastern China will comprise its major business area.

Growth of U.S. Business Slowing

*OW0706011091 Beijing XINHUA in English
2358 GMT 6 Jun 91*

[Text] Washington, June 6 (XINHUA)—U.S. businesses plan to increase their investments in new plants and equipment by an inflation-adjusted three percent in 1991, the smallest gain in five years, the government reported today.

The Commerce Department said a survey of corporations mailed between April and May found businesses planning to spend 540.1 billion dollars for expansion and modernization, down from 540.9 billion dollars projected in an earlier survey conducted last winter.

Analysts say the survey indicates that American businesses are worried that the current recession, which has already lasted 10 months, is not ending anytime soon.

An increase in business capital spending would help lift the U.S. economy out of the recession and pick up some of the slack from sluggish consumer spending, they say.

Capital spending rose 0.7 percent in the first quarter of 1991 after increasing 0.6 percent in the previous three months. It is expected to increase 1.7 percent in the second quarter of 1991, 1.8 percent in the third and 0.5 percent in the fourth.

Capital spending, which shot up 10.4 percent in 1989, slowed to 4.5 percent last year as the economy slipped into the recession. Spending had increased 9.5 percent in 1988 and 3.1 percent a year earlier. The figures have been adjusted for inflation.

Before adjusting for inflation, the new survey projected a 2.7 percent increase in business capital spending, to 547.2 billion dollars.

Spending plans included a 1.4 percent decline for manufacturing firms and a 5.0 percent advance for companies engaged in mining, transportation and other non-manufacturing businesses.

Manufacturers are forecasting investment spending of 190.2 billion dollars. That figure includes a 3.5 percent decrease by firms producing durable goods and a 0.3 percent increase by those engaged in producing non-durable goods.

Joint Farming Venture With Canada Launched

*OW0706015691 Beijing XINHUA in English
0047 GMT 7 Jun 91*

[Text] Shijiazhuang, June 7 (XINHUA)—China and Canada have launched a joint project for research into and transfer of dry farming techniques in north China's Hebei Province.

According to Jia Rujiang, vice-president of the Hebei provincial Academy of Sciences, the co-operative research project is sponsored by the International Development Board of Canada. As provided for in an agreement signed in Beijing, the Canadian side will provide equipment and technology, and project management while the Chinese side will provide research personnel and some necessary facilities. The project is estimated to cost about 1.3 million Canadian dollars.

The project will be carried out in Hengshui in the northern part of the north China plain, where there is scarce rainfall and droughts are frequent. The total area covered by the project amounts to about 7,500 ha, with an intensive farming experimental zone, a central experimental zone and a demonstration zone. The general goal is to develop and transfer dry farming techniques and raise the utilization rate of water on the low-lying plain, as well as raise crop output.

The first group of Canadian experts has already arrived in the area.

Jia said that the implementation of the project will help open up broad prospects for developing agriculture on the drought-prone low-lying plains of China.

Soviet Union

Jiang Zemin Meets Visiting Veterans Group

OW0606152391 Beijing XINHUA in English
1411 GMT 6 Jun 91

[Text] Beijing, June 6 (xinhua)—Socialist countries like China must stick to the socialist road and to the reform and open policy and strive to do a better job in economic construction, said Jiang Zemin in his meeting with Soviet visitors here today.

While meeting with a delegation from the All-Soviet Union Committee of Veterans of War, Labor and the Armed Forces headed by Marshal Sergey Leonidovich Sokolov, former Soviet defense minister, the general secretary of the Chinese Communist Party noted that Marxism-Leninism must integrate the concrete situation of a socialist country. Since the founding of New China in 1949, Jiang said, China has made some achievements and also some mistakes.

Marshal Sokolov told the Chinese party leader that during their visit to China, they witnessed the achievements the Chinese people have obtained under the leadership of the Chinese Communist Party. "We are of the view that the road chosen by the Chinese Communist Party is correct," he stated.

Jiang recalled his visit to the Soviet Union last month and thanked the Soviet party, government and people for the warm reception accorded to him. "I myself felt the profound friendship of the Soviet people towards the Chinese people," he added.

Jiang expressed his belief that Marshal Sokolov's visit to China would surely strengthen the friendship between the Chinese and Soviet peoples.

Journal Publishes Jiang's 17 May Kremlin Speech

OW0606152791 Beijing BEIJING REVIEW in English
No 21, 27 May-2 Jun 91 pp 7-12

[Text] of speech by Jiang Zemin, general secretary of the Central Committee of the Communist Party, of China on 17 May at the Kremlin in Moscow]

[Text] It gives me great pleasure to visit the Soviet Union at the invitation of Comrade Mikhail Gorbachev in May, when spring is very much in the air. I feel especially warm and happy to have the opportunity to meet you here today, because many of you not only care for China but also have an intimate knowledge of it. I am visiting your country with the friendly sentiments and good wishes of the Chinese people of all nationalities towards the Soviet people of all nationalities. In the past two days, we have been accorded a warm welcome by the

Soviet leaders and people of various circles and deeply impressed by the sincere affection of the Soviet people for the Chinese people. Yesterday my colleagues and I held talks with Comrade Gorbachev and also met with other leading comrades of the Soviet state and the Soviet Communist Party. We exchanged views extensively on the development of bilateral relations and on the current international situation and international issues of common concern and briefed each other on the domestic situation and the reforms under way in our respective countries. We were satisfied with the results of the talks.

Comrades, you may still remember that at about this time two years ago a historic meeting took place between Comrade Deng Xiaoping and Comrade Gorbachev, which opened a new chapter in the annals of Sino-Soviet relations by ending the past and opening up the future.

We are pleased to note that thanks to the joint efforts of the two sides in the past two years fresh progress has been made in various fields in Sino-Soviet relations. State and Party leaders of the two countries have maintained their contacts and links; our economic and trade relations have further developed; exchanges in science, technology, education, culture, sports and other fields have increased steadily; and mass organizations, non-governmental institutions, academic bodies and the general public of the two countries have gradually increased their interchanges in all forms. The normal progress and healthy development of the contacts between the two Parties, in particular, have given an impetus to the development of the friendly relations of co-operation between the two countries and the friendship between the two peoples.

Facts show that the establishment and development of a long-standing and stable relationship of good-neighbourliness and friendship between China and the Soviet Union, the two great socialist countries, conform to the fundamental interests of the two peoples and the interests of peace and stability in the world. We hold that owing to their difference in historical background, social conditions and the level of economic and cultural development, it is natural and normal for the two countries to differ in views and opinions on some issues. The important thing is that such differences and divergences should not be allowed to affect the development of normal state-to-state relations. Sino-Soviet relations have been able to develop in a normal and healthy manner in the past two years, because both sides have treasured and attached great importance to our normalized relations, because both sides have followed the principles of mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual benefit, and peaceful co-existence in handling state-to-state relations and abide by the principles of independence, full equality, mutual respect and non-interference in each other's internal affairs in handling Party-to-Party relations. The improvement and development of relations between China and the Soviet Union is not directed at any third party, nor at any other country. In our future

contacts, we will continue to follow these principles. We are convinced that the development of Sino-Soviet relations has a broad prospect. We will work actively to further develop the friendly and co-operative relations between the two countries and the two Parties and further consolidate and enhance the great friendship between the two peoples.

The approaching steps of the new century are already distinctly audible. Mankind will enter into the 21st century in a decade. This is an important historical period. The last decade of the 20th century is a very crucial period in the historical course of China's socialist construction for modernization. The Seventh Plenary Session of the 13th Central Committee of the Chinese Communist Party and the Fourth Session of the Seventh National People's Congress of China have charted the course for China's economic and social development in the coming ten years and drawn up a magnificent blueprint towards the end. This is of great and far-reaching significance for ensuring the progress of our country and nation in the 21st century. Under the leadership of the Chinese Communist Party, the Chinese people are striving for the realization of their second-step strategic objective for national economic and social development.

I. Adhere to the Path of Building Socialism with Chinese Characteristics

It is known to all that China was once a semi-feudal and semi-colonial country with a backward economy and culture. In the 100 years from the mid-19th century, it was subjected to all kinds of bullying and aggression by imperialism and suffered from great misery and humiliation. In their struggle to save and revitalize the country, many people with lofty ideals groped in the dark, advanced wave upon wave, and even laid down their lives for the cause. Unfortunately, none of them succeeded. The salvos of the October Revolution brought China Marxism-Leninism which, once integrated with the Chinese workers' movement, gave birth to the Chinese Communist Party. Following a protracted and arduous struggle under the leadership of the Chinese Communist Party, the Chinese people at last overthrew the "three big mountains"—imperialism, feudalism and bureaucratic capitalism—and founded the New China.

Tremendous achievements have been scored in all fields since the founding of the People's Republic more than 40 years ago. Under the leadership of the Chinese Communist Party the Chinese people of all nationalities have made concerted efforts in overcoming various difficulties and succeeded in turning a poor and backward China into a socialist country with initial prosperity. Through our hard work for more than 40 years, we have solved the problem of inadequate food and clothing for a population that accounts for one fifth of the world's total, built an independent and rather comprehensive system of industry and national economy and developed science, technology, education, culture, public health and sports, thus enhancing China's overall national strength. The Chinese people have come to realize from

their own experience that only socialism can save China and only by building socialism can China prosper.

China's socialist modernization is an entirely new undertaking. In the course of our progress, we have experienced both successes and setbacks. An important lesson we have drawn from it is that socialist construction must proceed from the realities in China. We have also realized keenly that the fundamental task of socialism is to develop social productive forces. The superiority of socialism lies in the fact that the productive forces inherent in the system are bound to grow faster and become more developed than those under capitalism. Reform is the only way to develop productive forces; it is by nature the self-refinement and development of socialism and is aimed at accelerating the growth of productive forces and all-round social progress to constantly add to the vigour and vitality of socialism. Our reform should always be socialist-oriented. It is our most important experience that reform and opening to the outside world must be integrated organically with continuous consolidation and perfection of the socialist system.

Upon the suggestion of Comrade Deng Xiaoping, our Party summed up our past and more recent practical experience at the Third Plenary Session of the 11th Central Committee and then at the Party's 12th and 13th national congresses. And upon this basis, we have drawn the scientific thesis that China is in the primary stage of socialism, and formulated the basic line of taking economic construction as the central task, upholding the four cardinal principles and adhering to reform and opening to the outside world, and worked out a series of principles and policies that have proved effective. To combine the universal truth of Marxism-Leninism with China's actual conditions, go our own way, and build socialism with Chinese characteristics—that is our basic conclusion.

II. China's Tremendous Achievements in Construction and Reform

China's reform started from the countryside and then proceeded into urban areas to cover all sectors. While it took only a few years for the rural reform to produce the desired result, an all-round reform of the economic system has proved to be much more complex and arduous. Reform is a great practice, and we are exploring our way ahead.

To achieve our Party's goal, we have combined reform with development and worked out a three-step strategy for economic and social development:

- First, to take ten years to double the 1980 gross national product in terms of constant prices and solve the problem of inadequate food and clothing. We have accomplished this task ahead of schedule.
- Secondly, to quadruple the 1980 GNP in terms of constant prices by the end of the century so that the people nationwide could live a relatively comfortable life. We are now working hard towards this end.
- Thirdly, to make China's per capita GNP reach in general the level of moderately industrialized nations

by the middle of the 21st century, basically realizing the socialist modernization.

During the 1980s, China's GNP increased by 136 percent and its national income by 131 percent in terms of constant prices. Considerable progress was also made in science and technology, education and culture, and the overall national strength grew further. The average level of consumption of the rural and urban residents went up by 80 percent after adjustment due to the price factor.

We made these tremendous achievements in the 1980s mainly because we carried out the reform of the economic system and opening to the outside world. The reform has brought about significant changes in the fabric of the economic system:

1) The single-sector system of public ownership of the past was gradually transformed into a system containing diverse economic sectors with public ownership as the main body. Over the past decade, we upheld the socialist public ownership as the mainstay and in the meantime encouraged an appropriate development of individual economic activities and the private sector in the urban and rural areas as well as enterprises with sole foreign investment and joint ventures. We gave the public ownership a principal part in the economy, while giving other economic elements a role that is supplementary and beneficial to the socialist economy. Such a policy is suited to the current level of productive forces in China and conducive to the development of the socialist planned commodity economy.

2) The single-mode system of distribution of the past was gradually changed to a system which is mainly "to each according to his work" and supplemented by other modes. This change is of great importance for eliminating egalitarianism and bringing into play the enthusiasm of working masses and various sectors of society. We allow and assist some people and areas to get well-off before others through honest labor and lawful operations; at the same time, we encourage those who have become well-off first to provide assistance to those still in poverty so as to achieve common prosperity and prevent a wide gap between the poor and the rich. Common prosperity and prevention of the polarization of society is an important principle of the socialist system; it also demonstrates the immense superiority of this system.

3) The excessively centralized system of planned economy of the past was gradually transformed into a system and an operational mechanism that combine a planned economy with market regulation and are suited to the development of a planned commodity economy based on public ownership. This is the important content of as well as the basic orientation towards deepening the reform of the economic system. We have accumulated some experience in this respect, but continued efforts are still needed to explore specific ways and forms of restructuring in the course of practice.

We have made big strides in opening to the rest of the world on the basis of self-reliance, with the result that our foreign trade and economic and technological exchanges and co-operation with foreign countries have expanded rapidly. China's total volume of import and export in 1990 more than trebled that of 1980. We have established five special economic zones, opened 14 coastal cities, including Dalian, Tianjin, Shanghai and Guangzhou, set up 13 economic and technological development zones, as well as the economically open zones in the deltas of the Yangtze River and the Zhujiang River, the triangular region in the southern part of the Fujian Province, the Shandong Peninsula and the Liaodong Peninsula. Last year, we made a decision to open and develop the new Pudong area of Shanghai. As a result, a nationwide pattern of opening to the outside world is taking shape by gradually advancing along the line of "special economic zone—coastal open cities—coastal economically open zone—the interior."

While carrying out an all-round reform of the economic system, we have also conducted a reform of the political system with a view to ensuring the stability and unity of society, strengthening and perfecting socialist democracy and legal system, and bringing the socialist initiatives of the masses of people into play. The Chinese Communist Party is the force at the core for leading the Chinese people in their socialist modernization effort. The leading position of the Chinese Communist Party in the country came into being in history, and is stipulated by the constitution and acknowledged by the Chinese people of all nationalities. Therefore, we have always adhered to and tried to improve the leadership of the Party. We have strengthened and improved, and will continue to strengthen and improve, the system of the National People's Congress and the system of multi-party cooperation and political consultation under the leadership of the Chinese Communist Party, while establishing and improving the procedures and rules of democratic decision-making and democratic supervision, establishing a system of leadership that is conducive to improving work efficiency and firing the enthusiasm of all quarters, and restructuring institutions of state administration in line with the process of economic restructuring.

China's socialist modernization and reform is a protracted and arduous undertaking. We have made great achievements in socialist modernization and reform over the past 12 years, but some shortcomings and faults have also emerged in our practical work. They are chiefly:

- Neglecting political and ideological education for a time. While working hard for material progress, we failed to pull our weight in making cultural and ideological progress.
- Being eager to score a quick success in economic development and reform, which resulted in economic overheating.
- Excessive decentralization in some sectors of the national economy, which resulted in a weakening of the state's power of macroeconomic regulation and control.

The Party made a timely and conscientious summing-up of our experience and lessons, strengthened the state's power of macroeconomic regulation and control, promoted ideological and political education among the broad masses, improved the economic environment, rectified the economic order and deepened the reform. Thanks to concerted efforts, we have brought the excessively high speed in industrial development and inflation under control.

At present, numerous contradictions and problems are still in store for us on our road of advance. To name a few: the deficiencies of the original economic system have not been eliminated completely, the economic results of some enterprises remain poor, the industrial structure is still irrational, the state is confronted with financial difficulties, and there still exist certain elements of instability in an overall political situation marked by stability and unity.

The achievements of the 1980s have further strengthened the faith of the Chinese people of all nationalities in socialist modernization and enhanced their will and confidence in overcoming difficulties.

III. 1990s—A Crucial Decade for China's Socialist Modernization

The last decade of the 20th century is one of utmost importance to China. During the period, China is to achieve their objective for the second step of socialist modernization. We will continue to carry out the Party's basic line steadfastly and in an all-round way and adhere to the socialist road and the policies of reform and opening to the outside world. China's economic and social development will be promoted through reform and opening to the outside world, while reform will deepen and the work of opening to the outside world will further expand in the course of development.

China's goal for deepening the reform of the economic system in the 1990s is to preliminarily establish a system of socialist planned commodity economy. We hold that both planning and market are the inherent requirements of the socialized mass production and the development of commodity economy. The planning we talk about here is not one dominated by administrative means to the exclusion of a role played by market mechanism, but one that is suited to the demand of the development of commodity economy and respects the law of value; the market we speak of is not one marked by freewheeling and anarchism, but an orderly one that is guided by state planning and subjected to the state's macroeconomic regulation and control. We will continue our exploration in this field and endeavour to create an operating mechanism of socialist commodity economy that combines planned economy with market regulation and conforms to China's actual conditions.

An important principle guiding China's economic construction is to maintain a sustained, stable and coordinated development of the national economy. Because China has a poor foundation to start with and is thickly

populated, a comparatively fast economic development is required to achieve the strategic objectives of the second and third steps of socialist modernization. On the other hand, however, in order to avoid violent economic fluctuations and an unstable development, we must not be impatient for quick results and set an excessively high demand on the economic speed. In the next decade, China will maintain its economic growth at a moderate average annual rate of about 6 percent, and consistently centre its economic work on the improvement of economic result's. By so doing, we will be able not only to achieve our second-step objective and leave some leeway, but also to avoid violent economic fluctuations and maintain the co-ordination of the ratios among the major sectors of the national economy.

Agricultural development remains our top priority in the 1990s. Agriculture is the foundation of economic development, social stability and national independence. The problem of providing enough food for a population of our 1.1 billion can only be solved by ourselves through a correct policy plus unremitting efforts. To develop agriculture, we will continue to deepen the rural reform and popularize advanced science and technology in agriculture, increase agricultural input by the state, the localities, the collective units and the individual peasants.

Since the beginning of this year, China has started to implement the 10-Year Programme and the Eighth Five-Year Plan for National Economic and Social Development. Experience in the past 40 years and more tells us that the development of economy requires, first of all, a political situation of stability and unity. We maintain that stability is an overriding factor. Without a stable political situation, construction would be out of the question, and so would be reform. The Chinese people have learned from historical experience what would result from social turmoil in a big country like China. In case of turmoil, people would not be able to live and work in peace and contentment, the economy would collapse, a civil war would break out and the country would break up. Stability and unity are the prerequisite as well as the guarantee for economic development and reform, while economic development will, in return, promote and further develop a political situation of stability and unity.

In the new decade, we are still faced with the task of ultimately reunifying our motherland. Hong Kong and Macao will return to China in 1997 and 1999 respectively. We will firmly adhere to the policy of "one country, two systems" and work hard to advance the cause of peaceful reunification. Taiwan is an inalienable part of the territory of the People's Republic of China, and the government of the People's Republic of China is the sole legitimate government representing the whole of China. We resolutely oppose any attempt aimed at creating "two Chinas," "one China, one Taiwan," "one country, two governments" or "independence of Taiwan;" we firmly oppose the so-called "elastic diplomacy" and "substantial diplomacy" pursued by the Taiwan authorities; and we firmly oppose any attempts

by countries having diplomatic relations with the People's Republic of China to develop official ties with Taiwan or to conduct any contacts and exchanges of an official nature with Taiwan.

IV. China Is in Need of a Peaceful International Environment

In carrying out socialist modernization, China is in need of a longstanding and stable international environment of peace. We have always regarded it as our sacred cause to maintain world peace.

In the world today, political winds are ever changing and volatile and the international situation is marked by turbulence and instability. The old pattern of the world, which shaped up at the end of World War II, has disintegrated, but a new one is yet to take shape. The whole world is in a transitional period in which the old structure is being replaced by the new one. The international situation is characterized by relaxation at one time or in one place, but tension at another time or in another place. In a world, the world is far from being trouble free.

People all over the world ardently hope for peace and aspire for development. Despite the host of problems facing the world today, we are deeply convinced that world peace can be maintained and the cause of development of mankind will eventually be carried forward through the common efforts of the people of all countries in the world.

China pursues an independent foreign policy of peace. No matter how the world situation changes, China will, at all times and under all circumstances, uphold independence, refrain from entering into alliance or establishing strategic relations with any big powers, and decide on its own position and policy on any international issue according to the rights and wrongs of the issue itself. China firmly supports whatever is conducive—and resolutely opposes whatever is detrimental—to the maintenance of world peace, the development of friendship and co-operation among nations, and global economic prosperity. China is willing to develop friendly [relations] and co-operation among nations, and global economic prosperity. China is willing to develop friendly and co-operative relations with all countries in the world on the basis of the Five Principles of Peaceful Coexistence. We make it the basic foothold of our foreign policy to strengthen and develop unity and co-operation with third world countries.

China attaches great importance to developing good-neighbourly relations with its surrounding countries. Sino-Soviet relations have further developed since the normalization of bilateral ties two years ago. We support the Democratic People's Republic of Korea in its proposal for promoting the self-determined and peaceful reunification of Korea. We will continue to work actively with parties concerned for a relaxation of tension and stability on the Korean Peninsula. Relations between China and India have seen a notable improvement; a steadily stable good-neighbourly relationship between

the two nations not only conforms to the fundamental interests of the two peoples, but also contributes to peace and stability in Asia as a whole. China's friendly and cooperative relations with Pakistan, Bangladesh, Nepal, Sri Lanka and Myanmar [Burma] are constantly expanding. China's friendly ties with Thailand, Malaysia and the Philippines have made considerable progress. China has always attached great importance to enhancing its friendship and relations of cooperation with Japan, and the peoples of the two countries share a common desire to live in peace and friendship from generation to generation. China has restored diplomatic relations with the Republic of Indonesia and established diplomatic ties with the Republic of Singapore, thereby opening up vast vistas for the development of friendship between China and these two nations. China is also expanding its exchanges and cooperation with the People's Republic of Mongolia and Laos. Thanks to the common efforts of the international community, the work for the political settlement of the Cambodian question has made a major progress. China is willing to work along with the international community and within the framework of relevant United Nations documents for a political settlement of the Cambodian question at an earliest possible date, a settlement that should be comprehensive, just and reasonable. With progress made in the political settlement of the Cambodian question, Sino-Vietnamese relations will also be normalized step by step. China will continuously strive for the improvement and development of its relations of friendship and cooperation with its surrounding countries and make positive contributions to maintaining peace and stability in Asia and the world as a whole.

In order to foster normal international relations and ensure world peace in the 21st century, there is a need to establish a new international order. China stands for the establishment of a new international order on the basis of the Five Principles of Peaceful Coexistence. These principles are interrelated, but the most important one is noninterference in each other's internal affairs. While not seeking for hegemony itself, China is opposed to hegemonism and power politics in any form and is opposed to any country that wantonly interferes in the internal affairs of other countries and forces upon them its own political and economic systems and concept of values. There will be no tranquility in the world so long as hegemonism and power politics have not stepped down from the stage of history. China maintains that all countries in the world, big or small, rich or poor, strong or weak, are equal; China is adamantly against the big bullying the small, the rich oppressing the poor, and the strong lording itself over the weak. The internal affairs of a country should be managed by its own people, and world affairs should be handled through consultations among all countries. A new international political order is closely linked with and inseparable from a new international economic order. Many years have passed since the idea of establishing a new international economic order was put forward, but the economic gap between the developed and developing countries is still widening, with the rich getting richer, the poor poorer, and the economic difficulties of

many developing countries are deteriorating. Without elimination of the old international economic order, which is unjust and inequitable, and without economic development in the developing nations, world peace and stability can hardly be safeguarded.

I stayed in your country for some time in the 1950s, which left me a fine impression. The Soviet Union is a great country, and the Soviet people are a great people. It is blessed with a vast territory, abundant resources, a long history, an excellent cultural tradition, advanced science and technology, and a solid industrial foundation. Your beautiful land has nurtured generations of revolutionaries, thinkers, scientists, men of letters and artists. The Soviet Union is the homeland of Lenin and the home of the October Revolution. During World War II, the Soviet people made prodigious national sacrifices and, along with the people of other countries, protected mankind from greater catastrophe. People in the world will forever remember this great contribution made by the Soviet people to the history of world civilization. The tremendous achievements made by the Soviet people of all nationalities in their socialist construction in the past 70 years and more are undeniable.

The friendship between the Chinese and Soviet peoples goes back to ancient times. A normal development of Sino-Soviet relations is not only in keeping with the common desire and fundamental interests of the two peoples, but also beneficial to peace and stability in the Asia-Pacific region and to the betterment of international relations as a whole. The relations between our two countries have now entered upon a new stage. Let us make joint efforts to maintain and consolidate the good-neighbourly relations between the two countries not only in this century but continuously in the 21st century.

May the great friendship between the Chinese and Soviet peoples develop steadily.

CPSU Says No to Name Change for Leningrad

*OW0606130791 Beijing XINHUA in English
1232 GMT 6 Jun 91*

[Text] Moscow, June 6 (XINHUA)—The Soviet Communist Party spoke out today against any attempt by forces to change the name of the city of Leningrad back to St. Petersburg or the Russified Petrograd.

The original name honored Czar Peter I, known better as Peter the Great, who founded the city in 1703 as a "window into Europe." The city is honored in Soviet history as original center of the October Revolution in 1917. In 1924 the place name was changed to Leningrad to commemorate the architect of that revolution, Vladimir I. Lenin who died from a stroke that year.

A statement issued by the secretariat of the party Central Committee carried in PRAVDA stressed that the glorious name of the city had been attacked by those who are trying to write off Soviet history.

It pointed out that if the name of the city is changed, it may only serve to intensify the differences and confrontation within segments of society instead of the general picture of stability and harmony.

Attempts to change the city's name have caused societal unrest, the party's leading body noted, adding more and more Soviet citizens have called on the organs of state power and media to fight these efforts.

Moreover, the Russian Communist Party Central Committee and its Control Commission Wednesday urged the Soviet President Mikhail Gorbachev and the Soviet parliament to use their power to thwart such proposals.

Municipal authorities in Leningrad have decided to hold a city-wide referendum on June 12 to decide whether or not to restore the old place name.

KGB Claims Victory Against Terrorism

*OW0606171591 Beijing XINHUA in English
1538 GMT 6 Jun 91*

[Text] Moscow, June 6 (XINHUA)—The Soviet State Security Committee (KGB) today claimed victory in the fight against terrorism in the country.

A KGB senior official told a press conference today that the security agency, together with the Soviet Interior and Defence Ministries, has confiscated 44,000 firearms and 1.2 million pieces of ammunition and dissolved 33 illegal armed groups since the beginning of this year.

Valeriy Vorotnikov, KGB's director of the Department for Protecting the Soviet Constitution, also said terrorism is mounting in the Soviet Union as means of political struggle due to the weakness of the state power organs and escalation of ethnic strife.

Terrorists in the country are committing murders, kidnapping and other activities aimed at sabotaging social system, and the illegal armed groups have exceeded 30,000, Vorotnikov said.

Even Soviet people's deputies and public employees could not escape from the terrorist threat, he said.

There have been 15 people's deputies who were assassinated and 386 others were threatened by terrorists, he added.

The KGB will continue to fight against terrorism according to the presidential decree on disbanding illegal arms groups and confiscating arms, the KGB official said.

Northeast Asia

Japanese Trade Delegation Meets Li Peng, Others

Li Discusses Reform

OW0606225491 Beijing XINHUA Domestic Service in Chinese 1340 GMT 6 Jun 91

[By reporter Chai Shikuan 2693 0013 1401]

[Text] Beijing, 6 Jun (XINHUA)—Premier Li Peng said today that China's economic reform is oriented mainly toward the establishment of a mechanism combining a planned economy with market regulation. Such a mechanism, either in light of planning or marketing, entails a rational pricing system.

According to a briefing by a Chinese official, when meeting with Kisaburo Keura, president of the Japan-China Investment Promotion Organization, and other members of his party, at Zhongnanhai this afternoon, Li Peng said that the price reform should be carried out with an essential equilibrium between the nation's overall supply and demand. Along with the change in the relationship between supply and demand, it is necessary to make timely and essential readjustment of prices in order to make them more rational during the transition from the double-track system to a single-track system. In carrying out pricing reform, we should give full consideration to the capacity of the state, the enterprises, and individuals to withstand the impact. Therefore, pricing reform should proceed steadily.

Li Peng told the guests that China's economy continues to develop in a satisfactory direction, although some problems still remain to be solved, such as low efficiency of enterprises. He stressed that, to increase the efficiency of enterprises, we should first rely on reform, effectively applying a competition mechanism and, second, on improving management within enterprises, while creating favorable external conditions.

Li Peng said that an important task in the next few years will be to transform old enterprises with new technology and equipment. In this field, he welcomed Japanese industrialists and businessmen to strengthen cooperation with China. He said that following the expansion of funds and technological cooperation, trade between the two countries also will continue to increase.

Kisaburo Keura is an adviser at Japan's Kogyo Bank. He presented Li Peng with a letter from former Japanese Prime Minister Noboru Takeshita at the beginning of the meeting. Kisaburo Keura said that the Japanese Government and Japanese enterprises have a positive attitude toward promoting investment in China, evidenced by the participation of an increasing number of Japanese industrial and commercial enterprises in the Japan-China Investment Promotion Organization.

Li Peng praised the positive role played by the organization in the past year since its establishment in urging Japanese

industrialists and businessmen to invest in China and in promoting economic cooperation between the two countries. Li Peng said that new progress has been made in Sino-Japanese relations since the beginning of this year. The visits to China by former Prime Ministers Nakasone and Takeshita, by Mr. Susumu Nikaido, and by a few cabinet ministers made positive contributions to improving and developing Sino-Japanese relations. Li Peng expressed his gratitude for the warm greetings in Takeshita's letter and asked Keura to convey his greetings to Takeshita and other Japanese friends.

More On Li Comments

OW0606150091 Tokyo KYODO in English 1438 GMT 6 Jun 91

[Text] Tokyo, June 6 KYODO—Chinese Premier Li Peng told a Japanese delegation on Thursday that China will go ahead with a price reform to dismantle its double system of free and controlled prices.

Premier Li said in a meeting with the delegation that the double price system has created inappropriate profits for some people and losses for others.

The Japanese delegation led by Kisaburo Ikeura, an adviser to the Industrial Bank of Japan, earlier participated in an economic meeting between the two countries in Beijing.

Li told the Japanese that the Chinese Government will unify the double price system, and will buy agricultural produce from farmers at lower prices than it sells to consumers.

The Chinese premier told the delegation that the government will also increase prices which are lower than on the international market.

Overall price rises are expected to run at 6-7 percent this year as increases in food and edible oil were implemented last month without triggering sharp inflation, Japanese officials quoted Li as saying.

China will expect Japan to invest in the construction of large-scale plants and parts factories on Chinese soil to enable Beijing to succeed in the nation's eighth eight-year and 10-year plans, Li was quoted as saying.

Li, referring to a possible China-Japan joint oil development scheme in the Taliimu Pendi basin in the Xinjiang Uygur Autonomous Region, said China would repay Japanese investment with crude oil if the project is carried out.

Group Meets Vice Premier

OW0606131691 Beijing XINHUA in English 1215 GMT 6 Jun 91

[Text] Beijing, June 6 (XINHUA)—Chinese Vice-Premier Tian Jiyun met here today with a group of Japanese businessmen led by Kisaburo Ikeura, president of the Japan-China Investment Promotion Organization (JCIPPO).

Tian, a special advisor to JCIPO's counterpart, the China-Japan Investment Promotion Commission, praised the two institutions for their efforts in promoting Japanese investment in China.

Tian also congratulated the two institutions for their first conference held in Beijing yesterday.

He briefed the visitors on China's agricultural development, and hoped the Japanese side would cooperate with China in its efforts to reform its agricultural products circulation system.

Ikeura said that the fact that China now enjoys stability and economic development helped increase the confidence of Japanese businessmen in investing in China.

The visitors are scheduled to leave for Shanghai tomorrow.

Zhu Rongji Briefs Group

*OW0706042491 Beijing XINHUA in English
0134 GMT 7 Jun 91*

[Text] Beijing, June 7 (XINHUA)—Chinese Vice-Premier Zhu Rongji met here this morning with Kisaburo Keura, the president of the Japan-China Investment Promotion Organization, and his party.

Zhu, the former Shanghai mayor, briefed the visitors on China's current situation regarding economic construction, especially the economic situation in Shanghai.

Keura told Zhu that the just completed first meeting between Japanese and Chinese investment promotion organizations was successful and that a consensus was reached on many issues.

Keura agreed that both the political and economic situation in China are stable, and that the investment environment has continued to improve. He said that Japanese businessmen are now even more interested in investing in China.

The Chinese vice-premier encouraged more Japanese businessmen to invest in China.

Following the meeting, Keura and his party left here for a visit to Shanghai.

Paper On Japanese Investments

*HK0706033191 Beijing CHINA DAILY in English 6
Jun 91 p 2*

[By staff reporter Yuan Zhou]

[Text] Chinese officials and envoys of the Japanese business elite yesterday pledged to make concerted efforts to promote Japanese investment in China.

Deputy Foreign Trade Minister Shen Jueren said that China would continue to encourage Japanese investors to pump capital into the Pudong Development Area in Shanghai, Tianjin, Dalian, Qingdao and areas on the middle and upper reaches of the Yangtze River.

Shen said that China would "actively" assist Japanese investors in running their firms and "make efforts to increase their economic and social benefits".

Shen was speaking at a joint session of the China-Japan Investment Promotion commission and the Japan-China Investment Promotional Organization in Beijing. The deputy foreign trade minister is also chairman of the Chinese commission comprising leaders of government ministries and port cities.

Premier Li Peng sent a congratulatory message to the meeting, urging the two agencies to contribute to Sino-Japanese investment co-operation.

Ileura Kisaburo, chairman of the Japan-China Investment Promotion Organization, said that, through meeting with Chinese leaders, his mission wanted to find out details of the Chinese Eighth Five-Year Plan and accelerate economic co-operation with China.

At yesterday's meeting, the 39-member Japanese delegation, representing 161 major Japanese firms, was briefed on the priorities of China's plan to draw in foreign investment, the policy of opening to the outside world and the Pudong project in Shanghai.

Kisaburo said the Japanese business community would "seriously consider" providing help in the building of what he called a "great trans-century project" in Shanghai's Pudong area.

His delegation members disclosed that, backed by the Japanese Government, five businesses including Mitsubishi, the Bank of Tokyo and the Industrial Bank of Japan had set up a feasibility study committee on the Japanese organization. It was expected to suggest almost 100 potential investment projects.

Japan is now the second largest investor in China after the United States. Its investment is mainly centred on tourism and small firms in machinery, textiles and some processing industries.

Between 1979 and 1990, China approved 1,292 Japanese-funded projects with actual investment of \$2.5 billion.

From January to March this year, China approved 109 Japanese-funded projects with actual investment of \$94 million.

Chinese officials say that as most of these firms are running well, the Japanese investors have reaped quite large profits and taken a large slice of the markets while bringing capital and new technologies to China.

Relations With North Korea Highlighted

Delegation Continues Visit

*OW0706024991 Beijing XINHUA Domestic Service
in Chinese 1402 GMT 5 June 91*

[“Peng Chong Lays Wreaths at the Daesungsan Cemetery of Revolutionary Martyrs”—XINHUA headline; by reporter Li Nengqing (7812 5174 3237)]

[Text] Pyongyang, 5 Jun (XINHUA)—Accompanied by Yang Hyong-sop, chairman of the Standing Committee of the Supreme People's Assembly of Korea, and Zheng Yi, Chinese ambassador to Korea, a delegation of the National People's Congress [NPC] of China led by Vice Chairman Peng Chong laid wreaths at the Daesungsan Cemetery of Revolutionary Martyrs and the Korea-China Friendship Tower on 5 June.

The Daesungsan Cemetery of Revolutionary Martyrs, which is located in the suburb of Pyongyang City, was built by the Korean people to commemorate the Korean martyrs who fell in the war of resistance against Japanese aggression. The tribute written on the satin ribbon tied to the wreaths reads: "We have the highest esteem for the revolutionary martyrs of Korea who bravely dedicated their lives to the cause of the motherland's liberation!" After the wreath-laying ceremony, Peng Chong looked around the martyrs' cemetery, praising the Daesungsan Cemetery for Revolutionary Martyrs as a textbook example of patriotism.

Immediately after the visit, the delegation came to the Korea-China Friendship Tower and laid wreaths at the tower for the martyrs of the volunteers of the Chinese People's Liberation Army fallen in the Korean conflicts. The delegation wrote the following inscription: "The spirit of the martyrs will shine forever."

Past Li Peng Visit Remembered

HK0606133991 Beijing RENMIN RIBAO in Chinese
4 Jun 91 p 6

[“Dispatch” by reporter Zhou Bizhong (0719 1801 1813); “DPRK Foreign Ministry Holds Reception To Mark Li Peng’s Recent Successful Visit to DPRK”]

[Text] Pyongyang, 3 Jun (RENMIN RIBAO)—The DPRK Foreign Ministry held a reception this evening to mark Premier Li Peng’s successful visit to DPRK not long ago. A documentary on Premier Li Peng’s visit produced by the Korean Film Studio was shown at the reception.

At the reception, Korean Deputy Foreign Minister Ch'a Pong-chu said that Korean-Chinese traditional friendship has continued to develop from one generation to another. He continued that Premier Li Peng’s current visit to DPRK shows how valuable and profound Korean-Chinese friendship is. Although the visit has been short, it constitutes a tremendous support and encouragement to the Korean people in building socialism and striving for reunification of the motherland.

In his speech, Chinese ambassador to Korea Zheng Yi said that Premier Li Peng’s current DPRK visit has been successful. The Chinese party and government are satisfied with this. He also expressed gratitude to the Korean party, government, and people for the lavish hospitality accorded to Premier Li Peng.

Film of Visit Shown

OW0606171791 Beijing XINHUA in English
1534 GMT 6 Jun 91

[Text] Beijing, June 6 (XINHUA)—A film reception was given here this evening to mark the complete success of Chinese Premier Li Peng’s visit to the Democratic People’s Republic of Korea (DPRK).

Among those present at the reception hosted by DPRK Ambassador to China Chu Chang-chun were Luo Gan, secretary-general of China’s State Council, and General Chi Haotian, chief of General Staff of the Chinese People’s Liberation Army, who were accompanying Li Peng on the visit last month.

The hosts and guests watched a documentary film recording Li Peng’s visit.

Speaking at the reception, both Ambassador Chu and Secretary-General Luo were of the view that Li Peng’s visit to Korea strengthened the Sino-Korean friendship.

Reportage on Events in South Korea

Education Minister Resigns

OW0606084491 Beijing XINHUA in English
0730 GMT 6 Jun 91

[Text] Beijing, June 6 (XINHUA)—South Korean Education Minister Yun Hyong-sop handed in his resignation Wednesday afternoon, taking responsibility for Monday’s student assault on Prime Minister Chong Won-sik, reports reaching here today said.

Yun said he felt a sense of responsibility over the incident as incumbent education minister, while handing his resignation to Chong.

Chong is expected to deliver Yun’s letter of resignation to President No Tae-u soon.

The 63-year-old premier was pelted with eggs and flour, and kicked and punched by a group of student protesters for about 30 minutes after he finished a lecture at the Hankuk University of Foreign Studies Monday.

Poll Cites Concerns

OW0606090491 Beijing XINHUA in English
0807 GMT 6 Jun 91

[Text] Beijing, June 6 (XINHUA)—The majority of South Koreans are worried about campus unrest and its effect on their children, the information ministry quoted an opinion poll as saying Thursday.

It said 80 percent of the 509 adults randomly sampled nationwide except for cheju island wanted the government to capitalize on the monday assault on Prime Minister Chong Won-sik to uproot campus violence.

The telephone poll was conducted by the Korea research on Tuesday and Wednesday. Chong was pelted with eggs

and flour for half an hour at Hankuk University of Foreign Studies on Monday after he gave a lecture on education to graduate students.

Nearly 81 percent said they were worried about sending their children to institutes of higher learning, and 16.3 percent said the situation was not that bad. The rest had no comment.

Eighty-five percent said they were shocked by the incident, and 8.9 percent said they were unaffected.

Fifty-six percent agreed with the government's claim that the assault was planned, and 28 percent said it was accidental, while 74 percent said the egg throwing was unethical and 10 percent said the students acted out of a pure sense of justice.

The pollees said, to eradicate student violence, politicians should show an example (16.7 percent), both government and students should make concessions (12.8 percent), and official authority should be executed strongly (11.4 percent).

Mongolia's Domestic Situation Reviewed

'Scathing' Party Statement Noted

*OW0606132391 Beijing XINHUA in English
1310 GMT 6 Jun 91*

[Text] Ulaanbaatar, June 6 (XINHUA)—The executive body of the ruling Mongolian People's Revolutionary Party (MPRP) issued a scathing statement today criticizing some activities of the Small Hural and the government bureaucracy today.

The MPRP said certain laws adopted by the Small Hural (standing body of the parliament) failed to adequately address the present situation in Mongolia. The statement added the government should raise its level of efficiency in dealing with daily affairs.

MPRP warned that the country is in a deep crisis characterized by financial difficulties, fuel, electricity, food and raw material shortages, with the party saying Mongolia faced collapse if effective measures weren't taken.

They sharply denounced the position that views "the current slide towards a hellish economic crisis as a normal phenomenon," saying this stance is politically irresponsible.

Social chaos and an attitude of apathy are intensifying in Mongolia; these dangerous trends have been fueled by a rapid increase of government employees who have wasted financial resources and improperly enforced national laws set by state organs, the MPRP statement said.

The social and economic crises have some connection to mistakes made in the past, but the errors committed during the process of reform and the flawed decisions currently being made have worsened the situation, the statement said, claiming the MPRP is not responsible for all the mistakes that have been made.

It condemned certain parties and political groups for raising demands in the political and economic arena that cannot be met, given the current domestic situation.

The MPRP expressed the worry that certain forces are trying to undo the achievements made over the past 70 years since the founding of the Mongolian People's Republic. The party emphasized the progress made by the Mongolian people since 1921 remain the basis for future state development and reforms, and that the history of this fact is undeniable.

The ruling party also made clear its stand of restraint and conciliation under the current situation, saying this policy should not be perceived as weakness or indecision by the MPRP.

Concerning foreign relations, the MPRP statement said that relations with Soviet Union and China remain the top priority in Mongolia's foreign policymaking. The traditional friendship between the peoples of these three nations is still treasured despite changes in the international climate.

It is a precondition for guaranteeing Mongolia's independence and fundamental interests to develop relations with its two big neighbors, considering the country's historic destiny and on the basis of international law, the statement said.

Privatization To Start

*OW0706092791 Beijing XINHUA in English
0748 GMT 7 Jun 91*

[Text] Ulaanbaatar, June 6 (XINHUA)—The Mongolian Government announced today that it has decided to provide all citizens born before May 31 this year with investment securities with which to buy shares or the whole of state properties.

Gerelchulun, secretary general of the government committee for privatization of properties, told a press conference that each citizen is entitled to investment securities totalling 10,000 tugriks (about 1,400 U.S. dollars).

He said that the government plans to privatize 2,200 out of a total of 2,600 state factories and enterprises, 57 percent of the state-owned fixed assets.

The privatization of major enterprises will expected to be completed in 24 to 30 months while the plan for commercial and service sectors as well as small-sized factories will completed within this year, he added.

Gerelchulun said that the program will enlarge the share of private properties in the social total from 8 percent to 70 percent. But the plan will not touch more than 200 major factories and enterprises in the sectors of railway, aviation, mining, fuel and power, public transport and post and telecommunications, which will remain state-owned.

He said Ulaanbaatar and some provinces will see shops and service firms on auction at the end of the month as

part of the privatization plan. Foreigners and foreign companies are allowed to buy shares or the whole of state properties.

Mongolia's privatization law took effect on May 31.

Southeast Asia & Pacific

Reportage on President Yang's Trip to Indonesia

Holds Talks With Suharto

HK0606131991 Beijing ZHONGGUO XINWEN SHE
in Chinese 1004 GMT 6 Jun 91

[Report by Li Wei (2621 0251): "Yang Shangkun Says China is Willing to Become Country Maintaining Dialogue With ASEAN"—ZHONGGUO XINWEN SHE headline]

[Text] Jakarta, 6 Jun (ZHONGGUO XINWEN SHE)—Chinese President Yang Shangkun, who is paying a state visit to Indonesia, said here today: China attaches importance to the development of friendly and cooperative relations with ASEAN nations and is willing to become a country maintaining dialogue with ASEAN. China appreciates the important role played by Indonesia in ASEAN.

Yang continued that China sincerely hopes to develop friendly and cooperative relations with Indonesia. The sphere of cooperation between the two sides is expanding step by step and the trend is developing in a favorable direction. Bilateral relations will further develop so long as the two sides increase contacts and make concerted efforts.

Yang Shangkun made these remarks at the private talks held with Indonesian President Suharto this morning.

On the Cambodian issue, Yang Shangkun said that the four Cambodian parties have gathered in Jakarta and Prince Sihanouk has also arrived here at the invitation of President Suharto. This constitutes a positive development. Although no agreement has been reached at the current meeting, there is some work which can be done, such as adjustment and revision of the draft agreement. The agreement will be acceptable to all parties so long as it is reasonable and is conducive to the settlement of the Cambodian issue.

Yang Shangkun said that China appreciates Prince Sihanouk for assuming the office of chairman of the Cambodian supreme committee. As to the question of additional vice chairmen, China will have no objection provided it is accepted by the parties concerned through consultations. China hopes that the two chairmen of the Paris Conference will continue to work hard and that all the Cambodian parties, putting the righteous cause of the nation above everything else, will adopt a constructive attitude and reach a compromise.

To forge normal international relations and peace in the 21st century, Yang Shangkun pointed out, the people of

the world ardently wish to establish a just, new international political and economic order.

Under the current international situation, President Suharto said, maintaining national independence is not limited to enhancing defense. We should also enhance our capacity of resisting external threats in economy, culture, and other fields.

Suharto said that stability, development, and cooperation among ASEAN nations are of great significance to stability and development of the region. ASEAN hopes that Southeast Asia will become a region of peace, stability, development, and prosperity. He expressed his concern for the settlement of the Cambodian issue and hoped that the issue could be settled at an early date.

Suharto said: Despite efforts made by the five permanent members of the Security Council and ASEAN nations, the Cambodian issue remain unsettled. "Nevertheless, we should continue to make efforts as there is still a chance."

The talks were held at the presidential office in the Independent Palace. Chinese state councilor and foreign minister Qian Qichen and Indonesian foreign minister Alatas were present at the private talks. The atmosphere of the talks was cordial and friendly.

'New Page' In Ties Cited

OW0606133691 Beijing XINHUA Domestic Service
in Chinese 1033 GMT 6 Jun 91

[By reporters Zhu Yunlong (2612 0061 7893), Du Zhenfeng (2629 2182 0023) and Zhao Xinkao (6392 2450 5072)]

[Text] Jakarta, 6 Jun (XINHUA)—Yang Shangkun, president of the state, and Indonesian President Suharto held small-scale talks in the presidential office of the Independence Palace here this morning. The talks proceeded in a cordial and friendly atmosphere.

President Suharto gave President Yang Shangkun an account of the history of Indonesia's long-term courageous struggle for national economic development and independence as well as the efforts it had made after its independence to develop the economy, improve the people's living standards, and strive for world peace and for the establishment of a new international order.

He said that the spirit of the Bandung Conference lies in support for national independence, respect for each other's territorial integrity, equality, and mutual benefit.

President Yang Shangkun briefed President Suharto on China's situation. He expressed satisfaction with the fact that the restoration of diplomatic ties between China and Indonesia has opened a new page in the relations between the two countries.

He said: China sincerely hopes to develop friendly and cooperative relations with Indonesia. The sphere of cooperation between the two sides is gradually expanding and there is a favorable trend of development.

The friendly and cooperative relations between the two countries are bound to make new headway with the increased contacts between the two sides and through their common efforts.

President Yang said: China attaches importance to developing friendly and cooperative relations with ASEAN countries and is willing to be a dialogue member country of ASEAN. China appreciates the vital role Indonesia is playing in ASEAN.

Referring to the establishment of a new international order, President Yang said: To establish normal international relations and ensure peace in the 21st century, the world people keenly hope that a new just international political and economic order will be established. China stands for the establishment of a new international order on the basis of the principle of mutual respect for sovereignty and territorial integrity, mutual nonaggression, noninterference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence. The basis of this principle is the fundamental contents of the five principles for peaceful coexistence and the 10 principles of the Bandung Conference. China is willing to make concerted efforts together with Indonesia to establish a new international order.

Suharto said: Under the current international situation, safeguarding national independence requires not only beefing up national defense but also increasing the capacity to resist outside threats in various spheres including economics and culture. The stable development of the ASEAN countries and enhanced cooperation among them are of great significance to the stability and development of this region. ASEAN wants Southeast Asia to become a region of peace, stability, development, and prosperity and, at the same time, it is willing to have dialogue with regional organizations and countries around the world.

Speaking of the Cambodian situation, President Suharto said: ASEAN is concerned about a settlement of the Cambodian question and hopes that this question will be settled at an early date. However, Indonesia does not want to get involved in the internal disputes of the Cambodian factions. In spite of the great efforts of the five permanent members of the UN Security Council and the ASEAN Countries, the Cambodian question has yet to be settled. The chance of settlement still exists and continued efforts are required.

President Yang said: We appreciate the unremitting efforts Indonesia has made to promote a political settlement of the Cambodian question. The four Cambodia parties have all sent representatives to attend the Jakarta meeting this time and Prince Sihanouk has also come here at the invitation of President Suharto. This itself is a positive development.

He said: Although no agreement was achieved at the meeting, there is still work to be done, including adjustments and revisions to the draft agreement. As long as

the agreement is reasonable and conducive to the settlement of the Cambodian question, all sides will accept it. We appreciate the appointment of Prince Sihanouk as the chairman of the Cambodia Supreme National Council. As for the appointment of a vice chairman and other problems, if they can reach an agreement through consultations, we will not raise an objection. It is hoped that the co-chairmen of the Paris Conference will continue their efforts and the various Cambodian parties will place national righteousness above all else and adopt a constructive attitude in order to reach a compromise.

State Councillor and Foreign Minister Qian Qichen and Indonesian Foreign Minister Alatas were present at today's meeting.

Wants ASEAN Role

*OW0606123991 Beijing XINHUA in English
1209 GMT 6 Jun 91*

[Text] Jakarta, June 6 (XINHUA)—China is willing to be a dialogue member country of the Association of Southeast Asian Nations (ASEAN), said visiting Chinese President Yang Shangkun today.

President Yang made the remarks in his private talks today here with Indonesian President Suharto.

He indicated that China attaches importance to expanding relations of friendship and cooperation with countries of the ASEAN.

China admires the important role that Indonesia plays in the ASEAN, he added.

The ASEAN comprising Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand was set up in 1967.

President Suharto said that the stable development and increased cooperation of the ASEAN countries is of great importance for the stability and development of their own region.

The ASEAN expects Southeast Asia to be a region of peace, stability, development and prosperity, he said, adding that it is also willing to have dialogue with various regional organizations and countries in the world.

Discusses World Situation

*OW0606124791 Beijing XINHUA in English
1217 GMT 6 Jun 91*

[Text] Jakarta, June 6 (XINHUA)—Visiting Chinese President Yang Shangkun and Indonesian President Suharto in their private talks here today briefed each other on their views of the current world situation.

President Yang said that for the realization of normal relations among countries and peace in the 21st century, people of the world keenly hope to establish a new, just international political and economic order.

He stressed that China stands for the establishment of new international order based on the principles of mutual

respect for sovereignty and territorial integrity, mutual benefit and peaceful coexistence, which constitute the main contents of the five principles of peaceful coexistence and the ten principles of the Bandung Conference.

China is willing to work hard together with Indonesia to establish a new international order, he added.

President Suharto said that under the current world situation, safeguarding national independence not only means the strengthening of defense capability, but also the boosting of the ability to resist external threats in the economic, cultural and other fields.

President Yang paid a five-day official visit to Indonesia starting from June 5.

Assesses Cambodian Issue

OW0606125691 Beijing XINHUA in English
1224 GMT 6 Jun 91

[Text] Jakarta, June 6 (XINHUA)—Visiting Chinese President Yang Shangkun and Indonesian President Suharto exchanged views on the Cambodian issue here today in their private talks.

President Suharto said the Association of Southeast Asian Nations (ASEAN) is concerned about the solution to the Cambodian problem and hopes for its early settlement.

He stressed that Indonesia is unwilling to get involved in the internal disputes among the various factions of Cambodia.

He said that in spite of the great efforts made by the five permanent members of the U.N. Security Council and the Asian countries, the Cambodian problem remains to be unsolved. However, the chance of settlement still exists and continued efforts are required, he added.

President Yang said China appreciates the unremitting efforts made by Indonesia for promoting the political settlement of the Cambodian problem.

President Yang said that although the meeting on Cambodia held in Jakarta from June 2 to 4 failed to reach agreements, there are still jobs to be done, including some adjustments and revisions of the draft agreement.

Yang said China hopes the co-chairmen of the Paris International Conference on Cambodia will continue to make efforts in this regard and the various parties in Cambodia will reach compromises by putting national interests above everything else and taking a constructive attitude.

Chinese State Councillor Qian Qichen and Indonesian Foreign Minister Ali Atatas were present at the meeting.

Further on Presidential Talks

OW0606151891 Beijing XINHUA in English
1434 GMT 6 Jun 91

[Text] Jakarta, June 6 (XINHUA)—Indonesian President Suharto and visiting Chinese President Yang

Shangkun held private talks in the presidential office at Independence Palace today in an atmosphere characterized as cordial and friendly.

President Suharto gave Yang a brief introduction to the heroic efforts made by his country for the development of its national economy and independence, plus Indonesia's efforts to develop and improve the people's livelihood, realize world peace and establish a new international order.

Suharto said that the spirit of the Bandung Conference was to support national independence, mutual respect for territorial integrity and sovereignty, equality and mutual benefit among countries of the world.

After briefing his Indonesian host on China's domestic situation, President Yang Shangkun expressed satisfaction with the start of improved relations between China and Indonesia following the resumption of diplomatic ties last August.

It is China's sincere hope to develop its friendly relations of cooperation with Indonesia, President Yang said.

The spheres of mutual cooperation are expanding, and the momentum of development is good, Yang said, adding that fresh development between the two countries is bound to come provided both sides make joint efforts to expand mutual exchanges.

He indicated that China attaches great importance to expanding friendly and cooperative relations with countries of the Association of the Southeast Asian Nations (ASEAN), and said China is willing to be a dialogue partner with ASEAN.

China admires the important role that Indonesia has played in the ASEAN organization, Yang added.

Speaking about international relations in general, the Chinese president said that for the realization of normal relations among countries and peace in the 21st century, peoples of the world desire the establishment of a new and more just international political and economic order.

Yang said China stands for a new international order based on the principles of mutual respect for sovereignty and territorial integrity, mutual non-aggression, mutual non-interference, equality, mutually beneficial relations and peaceful coexistence.

These constitute the main contents of the five principles of peaceful coexistence and the ten principles of the Bandung Conference, President Yang noted, adding China is willing to work hard together with Indonesia for a new international order that embodies these ideas.

Suharto said that under the current world situation, safeguarding national independence not only means the strengthening of defensive capabilities, but also boosting the ability to resist external threats in the economic, cultural and other fields.

Stable development and increased cooperation between ASEAN countries is of great importance for the stability and development of the region, Suharto said.

ASEAN expects Southeast Asia to be a region of peace, stability, development and prosperity, the Indonesian president said, adding his country is also willing to have dialogues with various regional organizations and countries around the world.

President Suharto said ASEAN is concerned about a solution to the Cambodian problem and hopes for its early settlement. However, he said his country is not going to get involved in the internal disputes of the various Cambodian factions.

In spite of the great efforts made by the five permanent members of the U.N. Security Council and ASEAN countries, the Cambodian problem remains to be solved. Nevertheless, there still exists a chance for a settlement which requires continued efforts, President Suharto said.

Yang said China appreciates the unremitting efforts made by Indonesia to promote a political settlement to the Cambodian problem.

Just recently, all four Cambodian parties came to Jakarta and sat together for negotiations, with Samdech Norodom Sihanouk coming at Suharto's personal invitation. The Chinese president noted these events were an indication of positive developments.

Yang made the observation that meeting failed to reach any agreements, so there is still work to be done, including some adjustments and revisions in the draft agreement.

All parties in Cambodia will agree to the adjustments and revisions so long as they are reasonable and conducive to the settlement of the Cambodian problem, Yang said.

President Yang said China appreciates Sihanouk's assumption of chairmanship of the Supreme National Council of Cambodia (SNC). As for the choice of vice-chairman for the SNC, China will have no objections provided that it is agreed upon by all parties through consultations.

Yang said China hopes the co-chairmen of the Paris international conference on Cambodia will continue to make efforts in this regard, and that the various parties in Cambodia will reach a compromise by putting their national interests above everything else and taking a constructive attitude towards any settlement.

Meets Chinese Embassy Staff

OW0606225591 Beijing XINHUA Domestic Service in Chinese 1216 GMT 6 Jun 91

[Text] Jakarta, 6 Jun (XINHUA)—President Yang Shangkun met with all of the diplomats and other working personnel of the Chinese Embassy here this afternoon.

President Yang had a cordial conversation with embassy working personnel in a warm atmosphere. He encouraged them to work hard and to contribute to developing

the relations between China and Indonesia. He also posed for a picture with the embassy staff.

Xu Xin, deputy chief of staff of the Chinese People's Liberation Army, who is accompanying President Yang on his visit to Indonesia, and Wang Wendong, vice minister of foreign economic relations and trade, were present when Yang Shangkun met with the embassy personnel.

Visits Theme Park

OW0706085391 Beijing XINHUA in English 0833 GMT 7 Jun 91

[Text] Jakarta, June 7 (XINHUA)—Chinese President Yang Shangkun today visited Taman Mini Indonesia Indah (Beautiful Indonesia in Miniature Park), a tourist showpiece of Indonesia.

In his sightseeing, Yang was accompanied by Indonesian high-ranking officials.

In the main hall, the Chinese president was given a brief account of the park. He wrote in the visitors' book: "A great nation with a long history, brilliant culture and industrious people."

When Yang and his party arrived at the pavilion of west Sumatra, people in traditional costumes enthusiastically greeted the Chinese guests. Before leaving the pavilion, Yang waved to the children who were chanting "welcome, welcome." Yang smiled and said "thank you" in Indonesian, "terimakasi."

During his tour of the park, the Chinese president in an Indonesian batik shirt, presented as a gift by Indonesian President Suharto, planted a bayan tree for friendship, and watched an artistic documentary "Indonesia Indah" in the Keong Mas Theater, which was shaped like a giant golden snail.

Occupying 160 hectares of land, the park is divided into 27 sections representing the 27 provinces of the country. Each section has its own typical houses and cultural displays of the province represented.

Foreign Ministers Talk

OW0706063491 Beijing XINHUA in English 0600 GMT 7 Jun 91

[Text] Jakarta, June 6 (XINHUA)—The Cambodian problem was given the spotlight during the talks held between Chinese Foreign Minister Qian Qichen and his Indonesian counterpart Ali Alatas here this afternoon.

Both foreign ministers said they were delighted to meet again and have an opportunity to exchange views on major international issues.

Alatas briefed Qian on the just-concluded meeting between the co-chairmen of the Paris International Conference on Cambodia and the members of the Supreme National Council of Cambodia (SNC) held in Jakarta.

Qian thanked Alatas for his briefing, saying that this was also a topic discussed during talks between Chinese President Yang Shangkun and Indonesian President Suharto earlier in the day.

The Chinese side expressed appreciation for the efforts made by the co-chairmen in this regard, Qian said, adding that the meeting itself was an indication of positive developments.

He said that the framework document on Cambodia, namely, the one formulated by the five permanent members of the U.N. Security Council, has been endorsed in a resolution by that body, and hence should not be revised in any way.

On the draft agreement, Qian said that as it is a draft, constructive supplements and changes which could help the reaching of agreements can be made to it. Of course, he pointed out, the changes should not run counter to the guideline of the framework document.

China supports Samdech Norodom Sihanouk to assume the SNC chairmanship and stands for the council's operation at an early date. "We hope that the four parties in Cambodia all will take a constructive and flexible attitude in a bid to realize national reconciliation."

Since it is a political settlement, Qian said, they should look ahead and refrain from bringing up old scores.

Although the recent Jakarta meeting failed to reach concrete agreements, the problems which remain to be solved have become more obvious. The basic position of China and Indonesia on the issue are identical, Qian added.

The Chinese foreign minister said that recently the U.S. and French presidents have respectively put forward proposals on arms control in the Middle East. This issue, which is being discussed by various sides, has something to do with the large influx of arms into the region. In this regard, all parties concerned have a relatively identical view: that nuclear, biological and chemical weapons should all be prohibited.

However, he said, the real solution to this problem lies in the self-restraint by major world powers that export weapons to this region.

Alatas stressed the principle of equilibrium in arms control in the Middle East, saying that particular attention should be paid to solving the existing imbalance.

The two foreign ministers also discussed the establishment of a new international political and economic order.

They also exchanged views on other regional and international issues. The Chinese and Indonesian foreign ministers reached a consensus on a wide range of subjects during their talks, which proceeded in a harmonious atmosphere, according to a Chinese foreign Ministry official.

Discussions Continue

OW0606202191 Beijing XINHUA Domestic Service
in Chinese 1427 GMT 6 Jun 91

[By reporters Du Zhenfeng (2629 2182 0023), Zhu Yunlong (2612 0061 7893), and Zhao Xinkao 6392 2450 5072]

[Text] Jakarta, 6 Jun (XINHUA)—Qian Qichen, Chinese state councilor and concurrently foreign minister, held talks with Indonesian Foreign Minister Ali Alatas here this afternoon.

Alatas first briefed Qian Qichen on the second meeting of the Supreme National Council of Cambodia, which just concluded in Jakarta. The meeting was chaired by the co-chairmen of the Paris international conference on the Cambodia issue.

Qian Qichen thanked Alatas for the briefing.

He said that Presidents Yang Shangkun and Suharto also discussed this issue this morning. The Chinese side expressed its appreciation for the efforts made by the co-chairmen of the Paris international conference on the Cambodian issue. The meeting itself was a positive development. The framework documents for the settlement of the Cambodian issue, namely, the documents agreed upon by the five permanent member states of the UN Security Council, should not be revised further because they have been approved by the Security Council in the form of a resolution. As for the draft agreement formulated by the Paris international conference on the Cambodian issue, some revisions of a constructive and supplementary nature, which are helpful to its conclusion, may be made because it is only a draft agreement. Of course, any revision should not go against the spirit of the framework documents.

Qian Qichen said that China supports Samdech Norodom Sihanouk in assuming the chairmanship of the Supreme National Coouncil of Cambodia and hopes that the council will operate at an early date. China hopes that the all four parties in Cambodia will take a constructive and flexible attitude in a bid to realize national reconciliation. Because it is a political solution, all should look forward and should not attempt to settle old scores. Although the Jakarta meeting failed to reach concrete agreements, the problems which remain to be solved have become more obvious. The basic stands of China and Indonesia are identical.

Qian Qichen said that recently the Presidents of the United States and France put forward separate proposals for arms control in the Middle East. There is a relationship between the Middle East problem, whose solution is being discussed, and the massive flow of weapons into that region. There are comparatively identical views on all sides that nuclear, biological, and chemical weapons should be banned, but there are unidentical views among the various sides on conventional weapons. China has adopted a positive attitude toward this issue. But if this issue is to be solved

genuinely, the principal powers exporting weapons to that region should restrain themselves.

Alatas pointed out that as regards arms control in the Middle East region, attention should be paid to the principle of balance and to the solution of the existing problem of imbalance.

In discussing the building of a new international political and economic order, Qian Qichen reiterated China's position on establishing a new order on the basis of the five principles of peaceful coexistence, and noted that discussion of this issue at the United Nations is of significance.

The two foreign ministers also exchanged views on some other regional and international issues. The talks proceeded in a very harmonious atmosphere. They reached consensus on a wide range of issues.

Wang Wendong, Chinese vice minister of foreign economic relations and trade, and Djiwandono, Indonesian junior minister for trade, also held talks this afternoon. Both sides recalled the development of economic and trade relations between the two countries and discussed ways to promote their growth.

Paper Examines Visit

*HK0706053191 Hong Kong WEN WEI PO in Chinese
7 Jun 91 p 2*

[Editorial: "Significance of Yang Shangkun's Visit to Indonesia, Thailand"]

[Text] PRC President Yang Shangkun's visit to Indonesia and Thailand marks an important step taken by China to advance her good-neighborly and friendly diplomacy with neighboring countries and to promote peace and stability in Southeast Asia.

In the next 10 years, Asia will face new economic challenges. Regional cooperation has become a worldwide trend. The three regional economic cooperation bodies in Asia, Europe, and America are trying to overtake each other in development, and this has given rise to a new form of competition. Economic cooperation in each region has been obviously intensified, while trade barriers between different regions have become tougher. The unreasonable North-South economic relations remain unchanged, and the Asian nations are faced with more and more obvious pressure from the protectionist tendency in the other two cooperation zones. For example, China, Indonesia, and Thailand have all been accused by the United States of "conducting unfair trade" and "failing to thoroughly protect intellectual property rights." The United States has also obstructed the importation of goods from Asia under various pretexts.

Under such global circumstances, the Asian nations have also found it necessary to increase their internal coordination, diversify their export markets, enhance their economic vigor, and break new ground for their cooperation in order to cope with the fast changing commercial environment and to increase their bargaining power in dealing with the protectionist trend.

After Liu Shaoqi's visit to Indonesia in 1963, a Chinese head of state did not visit the country, consisting of over 1,000 islands, for 28 years. Since Indonesian President Suharto visited China last year, President Yang Shangkun paid a return visit to Indonesia this time. This visit will certainly promote the further development of relations between the two nations.

Since Sino-Indonesian diplomatic relations were restored 10 months ago, cooperation between the two nations have been developing rapidly, and bilateral trade has been increasing by leaps and bounds. China's imports from Indonesia increased 70 percent, and China also made more than \$70 million worth of investments in Indonesia to build a chemical plant in Kalimantan, thus broadening the scope of cooperation. China will also export technology to Indonesia and start shipbuilding and machine-building joint ventures with Indonesia. In recent years, Indonesia has made progress in the electronics and communications industries and in the construction of nuclear reactors. It is completely possible that China and Indonesia will conduct various forms of cooperation in these fields. Indonesia's tourist industry has also been developing rapidly. The opening of air services between Beijing and Jakarta and between Xiamen and Jakarta will benefit tourism in both countries. As the two countries are both populous and rich in resources and both have a profound market potential, their economies can be strongly complementary to each other and there are inexhaustible business opportunities between them. The more closely the two sides cooperate, the greater the impetus to economic development on both sides.

After visiting Indonesia, Yang Shangkun will visit Thailand. China has decided to fully open its southwestern frontier and strengthen economic and trade cooperation with nations on the Indochina peninsula. China has also forwarded a plan to build a railway to link China with Thailand and a proposal for jointly developing the Mekong River. The China-Thailand railway will also stretch into Burma and reach Chittagong, Bangladesh, thus forming another transcontinental bridge to link the railway grid of the Eurasian continent. This means that the railway line can stretch as far as to Rotterdam, The Netherlands. If this plan comes true, the shipping of goods in Singapore, Malaysia, Thailand, Burma, Bangladesh, and India will all be facilitated; and the volume of commodity exchanges will double and redouble. Thus, Asian economic growth will be brought into a new stage.

China's southwestern area is rich in mineral resources, and also has a solid industrial foundation and a large population. After China and Thailand successfully negotiate the plan for jointly developing the Mekong River, China's investment will play a great role in the process of development. Large quantities of coal and nonferrous metal ore will be exported to all parts of the world via Thailand. Meanwhile, the products of the ASEAN nations may also be exported to China's Yunnan through the Mekong and Lancang Rivers. So this is mutually beneficial.

China's opening of its southeastern coastal areas has brought about vigorous economic development there. The southwestern provinces will also step into the economic take-off stage through their opening and their cooperation with Thailand. Thailand has become the fifth little dragon in Asia. By strengthening good-neighborly and cooperative relations with Thailand, China will contribute to peace, stability, and economic development in Southeast Asia.

Yang Shangkun will visit Indonesia and Thailand not only as an envoy of friendship but also as a pioneer to blaze a new trail for China's reform and opening up. So his visit will add a new page to the history of regional economic cooperation.

Biography Issued For Trip

OW0106023291 Beijing XINHUA in English
0117 GMT 1 Jun 91

[**"For Asia-Pacific: Biography of President Yang Shangkun"—XINHUA headline**]

[Text] Beijing, June 1 (XINHUA)—Following is a biography of Chinese President Yang Shangkun who is scheduled to visit Indonesia and Thailand from June 5 to 15:

Yang Shangkun, a veteran political activist and a Chinese Army leader, is the fourth president of New China after Mao Zedong, Liu Shaoqi and Li Xiannian since the founding of the People's Republic in 1949.

He is also first vice-chairman of the Central Military Commission.

Since becoming the president in 1988, Yang has paid visits to many countries including the Democratic People's Republic of Korea, Egypt, the United Arab Emirates, Kuwait, Oman, Mexico, Brazil, Uruguay, Argentina and Chile.

Born in Tongnan County, Sichuan Province, in 1907, Yang Shangkun joined the Chinese Communist Youth League in 1925 and became a member of the Communist Party (CPC) the following year. After 1925, he took part in the student and workers' movements in Sichuan and Shanghai.

From 1927 to 1931, he studied at Sun Yat-Sen University in Moscow.

After returning to China, Yang was head of the Propaganda Department and secretary of the party organization in the All-China Federation of Trade Unions in Shanghai, head of the Propaganda Department of the party's Jiangsu provincial committee and of the CPC Central Committee, and organized and led Shanghai's workers' movement and anti-Japanese movement for national salvation.

Later in the central revolutionary base area in Jiangxi, he served as director of the Political Department of the First Front Army of the Red Army led by Mao Zedong

and Zhu De, deputy director of the General Political Department of the Red Army, and political commissar of the Third Red Army Corps.

From October 1934 to October 1935, Yang Shangkun took part in the Long March. After reaching northern Shaanxi, he headed the Political Department of the field army.

In 1937, he was secretary of the north bureau of the CPC Central Committee. After 1945, he served as secretary-general of the Military Commission of the CPC Central Committee.

After the founding of the People's Republic in 1949, Yang became director of the general office of the CPC Central Committee, deputy secretary-general of the Central Committee and alternate member of the Secretariat of the Central Committee.

After 1978, he served successively as second secretary of the CPC Guangdong provincial committee and deputy governor of Guangdong Province, first secretary of the CPC Guangzhou City committee and chairman of the city revolutionary committee (mayor).

In September 1980, Yang Shangkun was elected vice-chairman and secretary-general of the Standing Committee of the National People's Congress. In July 1981, he was secretary-general of the Military Commission of the CPC Central Committee, and became permanent vice-chairman of the Central Military Commission the following year.

He was a member of the Eighth, Eleventh, Twelfth and Thirteenth Central Committees of the CPC. He was elected to the Political Bureau at the First Plenary Session of the 12th CPC Central Committee in 1982.

Yang Shangkun served as editor of the "RED CHINA" newspaper in 1933.

A sports enthusiast, Yang likes swimming and mountaineering.

His wife, playwright Li Bozhao, who died a few years ago, was one of the few Chinese women who took part in the world-famous Long March.

Near East & South Asia

Party Delegation Meets Tunisian President

OW0506145091 Beijing XINHUA in English
1300 GMT 5 Jun 91

[Text] Tunis, June 5 (XINHUA)—Tunisian President Zine al-Abidine Ben Ali met today with Qiao Shi, member of the Politburo Standing Committee of the Chinese Communist Party.

Following the meeting held at the presidential palace, Qiao told reporters that his talks with Ben Ali took place in a "very friendly atmosphere."

Qiao was heading a delegation of the Chinese Communist Party on a Middle East tour. The delegation, which arrived here Sunday, has also visited Syria.

Pakistan's Sharif Expresses Security Concerns

Proposes Arms Talks

*OW0606161891 Beijing XINHUA in English
1444 GMT 6 Jun 91*

[Text] Islamabad, June 6 (XINHUA)—Pakistan Prime Minister Nawaz Sharif today proposed an international conference of five countries to take up the nuclear non-proliferation issue in South Asia and to settle it on a regional basis.

Briefing newsmen this afternoon, Pakistan Foreign Secretary General Akram Zaki said the prime minister made the proposal while addressing officers at the National Defense College in Rawalpindi, twin city of Islamabad.

The prime minister said Pakistan is "ready to enter into multilateral consultations" for promoting the cause of nuclear non-proliferation in South Asia and there are indications that the U.S., the Soviet Union and China might be included to support a regional approach.

He proposed that the three countries "consult and meet with India and Pakistan to discuss and resolve the issue of nuclear proliferations in South Asia," aiming at arriving at an agreement for keeping "this region free of nuclear weapons on the basis of proposals already made or new ideas that may emerge."

He said, "We are gratified to note that the regional approach to disarmament is steadily gaining ground in international circles. Our resolution calling for initiatives for confidence-building measures, nuclear non-proliferation and conventional disarmament at regional and sub-regional levels was adopted by the U.N. General Assembly in 1990 by an overwhelming majority of 142 votes in favor, none against and 10 abstentions."

"We firmly believe that nuclear non-proliferation in South Asia is a sine qua non for regional peace and progress. We are willing to enter into a bilateral arrangement with India or a regional regime for ensuring that South Asia remains free of all weapons of mass destruction," the prime minister said.

He said a regional non-proliferation regime containing guarantees for non-nuclear-weapon states and agreed to by all the regional countries is "a practical method of resolving the problem in all its dimensions" and such a regime will help "usher in a climate of mutual trust and strengthen peace and security in South Asia."

Replying to questions at the press briefing, the foreign secretary said the proposal for nuclear-free zone in South Asia is not new. Since 1974, Pakistan has been pleading for regional non-proliferation.

He said nuclear-weapon-free zones have already been established in Latin America and the South Pacific region and more recently U.S. President George Bush has announced a major initiative for arms control on a regional basis in the Middle East.

In this context, he said, Pakistan made the fresh proposal after some consultations with countries concerned and "positive soundings" were made.

"More and more people now are talking about non-proliferation on a regional basis," he said.

After coming to know initial response from the countries concerned on the Pakistani proposal, Akram Zaki said that further discussions will be held on specifics regarding the proposed conference.

He said Pakistan Senate Chairman Wasim Sajjad who is to visit the U.S. next week will discuss Pakistan's proposal with U.S. officials and Pakistan will have discussions with other countries.

Terms India 'Serious Threat'

*OW0606191191 Beijing XINHUA in English
1747 GMT 6 Jun 91*

[Text] Islamabad, June 6 (XINHUA)—Pakistan Prime Minister Nawaz Sharif said today Indian military buildup, development of medium-range missiles and the military potential of its unsafeguarded nuclear program pose "a serious threat" to Pakistan's security.

Addressing army officers in the National Defence College in Rawalpindi, twin city of Islamabad, Nawaz said the heavy deployment of Indian forces along Pakistan-India border also serves to heighten tension.

In the face of the situation, the prime minister said, Pakistan can not be oblivious of the requirements of its security.

"Nevertheless, we will continue our efforts for establishing good neighbourly relations with India," he said.

Referring to his recent visit to New Delhi to attend the funeral of Rajiv Gandhi, he said it enabled him to establish personal contacts with Indian political leaders and he was encouraged by the positive response to Pakistan's desire to improve bilateral relations.

He hoped that once the new government takes power in New Delhi after elections, it will be possible for the two countries to move forward towards establishment of tension-free relations and a settlement of issue of Kashmir in accordance with U.N. resolutions.

He said the issue of nuclear non-proliferation in South Asia is another factor in Pakistan-India relations and it is necessary to put it in proper perspective.

In this respect, he proposed the establishment of a nuclear weapon free zone in South Asia, that Pakistan

and India issue a joint declaration renouncing the acquisition of nuclear weapons, and an agreement with India on a system of bilateral inspection of all nuclear facilities on reciprocal basis.

The prime minister also proposed simultaneous acceptance of IAEA safeguards by Pakistan and India on nuclear facilities, signing of nuclear non-proliferation treaty by India and Pakistan simultaneously and concluding a bilateral or regional nuclear test ban treaty as well as convening of a conference on nuclear non-proliferation in South Asia under the auspices of the United Nations with the participation of regional and other concerned countries.

Chinese Engineers Kidnapped in Pakistan Released

*OW0506171991 Beijing XINHUA in English
1557 GMT 5 Jun 91*

[Text] Islamabad, June 5 (XINHUA)—Three Chinese engineers, who were kidnapped in early May, got released today, it was confirmed this evening.

Reliable sources said over telephone from Dadu where the Chinese were abducted that the deputy inspector general of police in Dadu is escorting the three Chinese to the Sind Provincial capital of Karachi.

The sources said the Chinese are in good health.

The Chinese engineers were kidnapped on May 11 when they were working on a power transmission line project in Dadu, Sind Province.

The law and order situation in Sind has been deteriorating with kidnappings frequently reported recently. Three Japanese students were abducted in the province in March and released after 45 days of captivity.

West Europe

Relations With UK Receive Attention

Envoy Expresses Optimism

*OW0706093891 Beijing XINHUA in English
0829 GMT 7 Jun 91*

[Text] London, June 7 (XINHUA)—China's new Ambassador to Britain Ma Yuzhen said Thursday that he is optimistic about the prospect of Sino-British relations.

Speaking at an annual general meeting of the China-Britain Trade Group (CBTG), Ma said although problems exist, the future of the relations between China and Britain is good.

Ma gave three reasons for his optimism:

—China, as a permanent member of the United Nations Security Council, will continue to cooperate with other member countries in safeguarding peace and stability in the world;

—the question of Hong Kong leaves Britain and China a wider area to cooperate in mutual interest;
—trade and economic cooperation for the benefit of both is very encouraging.

In his first public speech as ambassador, Ma also said the 1984 Sino-British Joint Declaration on Hong Kong is an unprecedented and historical document. China will abide by the Joint Declaration, which will ensure a smooth transfer of Hong Kong.

He said the signing of the declaration has enhanced the relations between the two countries and he hoped the narrowing of differences would open a new chapter in these relations.

Ma believed that solution could be found to the remaining problems, including the dispute over the construction of a new airport in Hong Kong. He said China and Britain should, through common efforts, ensure prosperity and stability in Hong Kong both before and after 1997.

Referring to economic relations, Ma said the Sino-British trade of last year reached a record high of 2 billion U.S. dollars and there remains a good prospect ahead.

He said there are more than 100 companies in China with British investment, which he put at 500 million dollars. He hoped Britain firms would improve their competitiveness in face of their rivals—Japan, the U.S. and other Western countries.

The China-Britain Trade Group was set up in January this year out of a merge between the Sino-British Trade Council and the 48 Group of British Traders with China.

Ma arrived in London on May 30 after serving as China's consul-general in Los Angeles, the United States.

Liaison Group To Meet

*OW0506130691 Beijing XINHUA in English
1255 GMT 5 Jun 91*

[Text] Hong Kong, June 5 (XINHUA)—The Sino-British Joint Liaison Group (JLG) will hold its 19th meeting here from June 11 to 13, according to the Chinese representative office of the JLG today.

Attending the meeting on the Chinese side will be Ambassador Guo Fengmin, senior representative; Zheng Weirong, resident representative; Qiao Zonghuai, representative and deputy director of the XINHUA NEWS AGENCY Hong Kong branch; Hu Chuanzhong, representative and counsellor of the Hong Kong and Macao Affairs Office under the Chinese Ministry of Foreign Affairs; and Liu Junbao, resident representative.

It was learned that British senior representative A.C. Galsworthy will also attend the meeting.

Latin America & Caribbean**Bank Governor Meets Mexican Counterpart**

*OW0606114291 Beijing XINHUA in English
1133 GMT 6 Jun 91*

[Text] Beijing, June 6 (XINHUA)—Li Guixian, state councillor and governor of the People's Bank of China, met with Miguel Mancera Aguayo, general director of the Bank of Mexico, and his party at the Great Hall of the People here today.

During the meeting, they briefed each other on financial reform and financial policies of their respective countries, and exchanged views on international economic and financial situation.

Mancera and his party are here on a visit at the invitation of the People's Bank of China.

Light Industrial Products Given to Venezuela

*OW0706100391 Beijing XINHUA in English
0937 GMT 7 Jun 91*

[Text] Caracas, June 6 (XINHUA)—China donated a quantity of light industrial products to Venezuela at a ceremony held in the city of Merida today.

The gifts, which included 10 baby tractors, 300 electrical sewing machines and 400 bicycles, were offered by Chinese Foreign Minister Qian Qichen during his visit to Venezuela last year.

Chinese Ambassador to Venezuela Chen Dehe and Venezuelan Foreign Minister Rosario Orellana attended the ceremony and signed the donation document.

At the ceremony, Chen Dehe recalled that since diplomatic relations were established between China and

Venezuela in 1974, the two countries have expanded their trade and friendly ties.

He added that China attaches importance to the development of relations with Venezuela and always wants to see their relations developed on the basis of the Five Principles of Peaceful Coexistence, and in the spirit of equality, mutual benefit and common development.

Orellana expressed appreciation of the Chinese donation, saying that the gifts were a symbol of the growing relations between the two countries.

Delegation To Cuba, Venezuela Returns Home

*OW0506083491 Beijing XINHUA in English
0536 GMT 5 Jun 91*

[Text] Beijing, June 5 (XINHUA)—A delegation of China's National People's Congress (NPC) led by Chen Muhua, vice-chairman of the NPC Standing Committee, returned here by air today after a friendly visit to Cuba and Venezuela.

Jamaican Prime Minister Ends PRC Visit

*OW0606075691 Beijing XINHUA in English
0603 GMT 6 Jun 91*

[Text] Beijing, June 6 (XINHUA)—Jamaican Prime Minister Michael Manley and his party wound up their visit to China and left here by air today.

The Jamaican guests were seen off at the airport by Ai Zhisheng, minister of Radio, Film and Television and chairman of the Chinese Government Reception Committee.

Prime Minister Michael Manley toured Xian of Shaanxi Province yesterday.

Political & Social

Reports Continue on Tiananmen Anniversary

Foreign Reports Cite Harrassment

HK0706120491 Hong Kong AFP in English 1153 GMT
7 Jun 91

[Text] Beijing, June 7 (AFP)—Foreign reporters in Beijing lodged a protest with the Chinese Foreign Ministry on Friday, blaming the authorities for blocking a luncheon with a prominent U.S. sinologist.

In its letter, the Foreign Correspondents Club of Beijing cited other cases of harassment as well, including police who turned up in plainclothes at a family picnic for the scholar.

The club was planning to host a luncheon Friday with Orville Schell, author of several books about China and vice chairman of the U.S. human rights group Asia Watch, who has been visiting Beijing.

Mr Schell's scheduled speech, which would have been given two years to the week after the armed suppression of democracy protests in Tiananmen Square, was entitled "The Silence of Chinese Intellectuals."

But, the club said, pressure from the security department of the Beijing Tourism Administration (BTA) forced cancellation of the function at a major hotel where club events regularly take place.

Similar pressure from the BTA on the hotel also forced cancellation of a private party for club members that was planned for June 15 and whimsically named "The Peaceful Evolution Summer Ball."

The club represents the 160-odd foreign reporters resident in Beijing, but has never been officially recognized by the authorities.

Copies of the protest letter were sent to Wu Jianmin, director of the foreign ministry's information department, as well as to the security chief of the BTA, the official agency which oversees the capital's hotels.

There was no immediate reaction from the foreign ministry.

Earlier this week the official Xinhua news agency blamed "foreign students and journalists" for trying "in vain to create disturbances in Beijing" on the Tiananmen anniversary.

The day before the luncheon with Mr Schell, the letter said, club president and Wall Street Journal correspondent James McGregor was summoned to the foreign ministry and reminded about "observing our laws and regulations."

Soon after, the manager of the hotel told Mr McGregor that the luncheon and banquet could not go ahead on orders from "higher authorities" cited by the BTA's security director, Huang Hanxin.

The manager quoted Mr Huang as saying that the "main purpose (of the luncheon and party) is to change the country's system," and that other hotels have been banned from holding them as well.

Arguing that it had the "right to have meetings and to invite speakers of our choosing at any time," the club remarked that since the Tiananmen events, it has been "unable to find Chinese officials who are willing to speak to us."

The letter also protested the presence of about 15 plain-clothes policemen who turned up at a picnic Sunday at the Ming Tombs park outside Beijing, held for a departing correspondent.

"These agents were waiting at the tomb when the journalists and their children arrived," it said.

"As we played football and ate sandwiches, they milled around filming and photographing us and our children, some of whom were extremely frightened by these agents and their activities."

The letter added that "in the past several weeks, a number of foreign reporters in Beijing have found themselves followed by plainclothes agents."

Week's Events Summarized

HK0706121491 Hong Kong AFP in English
1204 GMT 7 June 91

[Text] Beijing, June 7 (AFP)—A professor and several students were arrested this week at Beijing University following incidents marking the second anniversary of the crackdown on China's pro-democracy movement, student sources said Friday.

The sources said the professor from the international politics department was seen near a small group on campus Tuesday night, the anniversary of the bloody suppression of pro-democracy demonstrations here on June 4, 1989.

The sources said "four or five" students were singing near the dormitories where their colleagues were smashing bottles in protest against senior leader Deng Xiaoping, whose given name sounds like the words for "little bottle."

The students and the professor were taken away from their dormitories Wednesday by uniformed police officers, they said.

It was not known whether they were later released, and there was no official information Friday on the arrests.

University officials refused comment.

Blue and white public security vehicles were patrolling Thursday on the campus, the cradle of the pro-democracy movement, the students said.

"Their presence in the center of campus is unusual," they said.

Police made searches and checked the identities of students on Monday and Tuesday night when the bottles were broken, but no arrests were made, the sources said.

Security measures in and around the university were lifted Wednesday and activity returned to normal, they said.

The bottle breaking and the singing were the only notable incidents reported during the commemoration of June 4.

Delay in Announcing Jiang Qing's Death Explained

HK0706035391 Hong Kong HONGKONG STANDARD in English 7 Jun 91 p 10

[By Cheung Po-ling in Beijing]

[Text] News of the death of Jiang Qing, the ring-leader of the "Gang of Four", was covered up for more than three weeks, partly because the authorities needed time to establish the cause of her death.

According to sources at the Public Security Ministry, a detailed post-mortem was conducted after her death to find out if she had committed suicide or had been murdered.

They said the authorities were shocked when they learned the 77-year-old widow of former chairman Mao Zedong was found dead in her residence on May 14.

At first, the authorities suspected she may have been killed by someone who sneaked into the residence.

Top government officials ordered that the death not be made public until investigations were completed, the sources said.

Jiang was reported to have suffered from throat cancer, and the sources said she was in good shape except for some minor leg ailment.

Jiang was sentenced to death with two years' reprieve and was deprived of all political rights in January 1981 by a special tribunal under the Supreme People's Court.

Although the real reason for Jiang's suicide could never be confirmed independently, sources said the widow had apparently suffered from depression in recent years.

They said her emotional problems became even more apparent after a breakdown in relations with only daughter, Li Na.

After years of imprisonment and house arrest, Jiang had repeatedly asked Ms Li to write letters and reports to the party, urging her early release.

However, Ms Li had turned down her mother's request as she no longer held any major political position.

Relations between the mother and daughter started to turn sour since then, sources said.

Although Ms Li was the daughter of Chairman Mao, she did not enjoy any form of financial assistance since her father's death in 1976.

Sources said Ms Li, who also had health problems, had paid fewer visits to Jiang in the past year.

One reason, the sources said, was that Ms Li had to use public transport to make the two-hour journey to visit her mother.

They said Jiang had no means of airing her grievances as she was barred from writing her autobiography during her detention.

Sources said prison guards were ordered to confiscate anything written by her and the material was destroyed after examination by the authorities.

Feature Film Depicts Mao's Private Life

OW0706095991 Beijing XINHUA in English 0854 GMT 7 Jun 91

[Text] Beijing, June 7 (XINHUA)—A new feature film, "Mao Zedong and His Son", which premiered here today, reveals some rarely known incidents in the private life of the late Chinese leader.

Shot by the Xiaoxiang Film Studio in Hunan, Mao's home province, the film is regarded as the first Chinese film with detailed descriptions of Mao's inner world, including his love for his eldest son, Mao Anying, and his feelings toward his first wife, Yang Kaihui.

The 90-minute film focuses on Mao's grief on hearing of the death of his son at the front during the Korean War in November 1950. He held back his tears and did not disclose the news to his daughter-in-law until 27 months later.

Li Ruihuan, member of Chinese Communist Party's Politburo Standing Committee, said in late May when he attended a preview of the film that Mao was not only a great man but a father full of love. The film has no empty words but presents a great leader devoted to the country and the people, he said.

He said that the film is a valuable gift from China's film makers to the 70th anniversary of the founding of the Chinese Communist Party, which falls on July 1 this year.

In the 1980's China produced several films featuring Mao's revolutionary deeds but mainly focusing on key incidents or revolutionary campaigns. "Mao and his son" adopts a rare approach to Mao's inner world, including his happiness and anger, with most scenes shot in his bedroom, reading room or courtyard.

The film's director, Zhang Jinbiao, said, "there was only one Mao in real life but many Maos in the hearts of the Chinese people." He said that he admired the late leader, as do other Chinese. He said he hoped that the film could provide "a new angle" on Mao and his character.

"Mao appeared to be stronger and more composed than others in the face of troubles; this is why he was great, and this is an important theme running through the entire film," the director remarked.

Chinese Vice-President Wang Zhen was present at today's ceremony in the Great Hall of the People for the distribution of the film.

Sources at the Ministry of Radio, Television and Film said that a number of feature films on China's revolutionary history, following "Mao and His Son", would come out in the near future to greet the party's 70th birthday.

The films include "An Epoch-Making Event"—on the founding of the Chinese Communist Party in 1921—and "Zhou Enlai", which features the life of the late Chinese premier in his later years during the 1970's.

Shanxi Secretary Urges Fighting Corruption

HK0606150591 Beijing RENMIN RIBAO
in Chinese 22 May 91 p 5

[Article by Wang Maolin (3769 5399 2651), Shanxi Provincial CPC Committee secretary: "Upholding Four Cardinal Principles; Opposing, Preventing Corruption"]

[Text] The four cardinal principles are the foundation for the founding of the country as well as the principle against and preventing corruption. In the past some people stubbornly sticking to bourgeois liberalization attributed some of the negative and corrupt phenomena within our party and government organs to the socialist system and communist party leadership, preached that the socialist public ownership could not foster uprightness and communist party leadership could not tackle corruption; that only by dumping the four cardinal principles and adopting capitalism could we resolve the problem of corruption at its root. The fundamental purposes of their action were to trick people's minds and, with it, to achieve their political aims of toppling the CPC leadership and subverting the socialist PRC. Before political and principled issues involving fundamental right and wrong, we must give not only effective rebuffs to these opinions but also an explicit answer for the roots of the corruption problem.

Socialism is the inevitable path for remedying corruption. This is determined by the nature and characteristics of socialism. Socialist public ownership essentially eliminates the economic roots that produce corruption, and the socialist system fundamentally guarantees the uprightness of state public servants. We do not deny in the least that there exists corrupt phenomenon in socialist countries. But the phenomenon was not caused by the basic socialist institutions; it was a result of the lingering poison from the old society and the yet imperfect socialist system. With the socialist system's progress toward perfection, corruption will eventually be eliminated. As Comrade Deng Xiaoping pointed out: "We

struggle for socialism not only because it has the conditions to develop productive forces more quickly than capitalism, but also because only socialism can eliminate the various types of greed, corruption, and unfair phenomena inevitably produced by capitalism and other exploitative systems."

Corruption goes with private ownership, and this determines that an exploitative society founded on private ownership will not resolve the corruption problem. There used to be clean and uncorrupt officials such as Bao Cheng and Hai Rui and calm and prosperous periods such as "the rule of Zhen Guan Era" in Chinese feudal society. But the class nature of feudal ruling class determined that it could not realize a state where officials were clean and upright.

In capitalist society, to consolidate its ruling status, the capitalist class has formulated a large number of rules, regulations and systems to prevent and tackle corruption and adopted a range of stern measures against corruption. Still, although modern capitalist countries passed through their most corrupt periods in the initial stages of their development, they have not fundamentally overcome the "bureaucratic disease" inherent in their systems; bribery and graft and corruption are still very strong. Similarly, this was determined by the class nature of the capitalist class and cannot be overcome.

Following the founding of the New China, the party and government have fundamentally changed the situations in feudal society and the KMT [Kuomintang] period where corrupt officials went unopposed, established a clean and upright government such as never seen in Chinese history. Over the last 40 years, the overwhelming majority of party members and cadres in party and state organs have been clean and law-abiding and can stand the test of their administrative duties and reform and opening up. No government of an exploitative class can match this.

Although the establishment of a socialist system has not uprooted corrupt phenomena in China, it has avoided the kind of corruption inherent in the old society. A horizontal comparison of China with other Third World countries shows this: Certain countries have been plagued by political corruption since their founding and corruption problem has become a basic factor for political turmoil and government reshuffle in these countries. China has avoided large-scale corruption experienced by countries which chose the capitalist road in their path of development because it has walked the socialist path. This shows that the socialist system has a considerable capability to foster uprightness. People engaged in bourgeois liberalization chose to ignore the political state of countries which took the capitalist path and wished socialist China to follow their example. This is absolutely ridiculous. Although socialist China is not an untainted land of purity, it is much cleaner than capitalist society where lust is the order of the day and money stinks to high heaven.

I characterized things in such a way not with the intention to neglect or underestimate the serious nature of the corrupt phenomenon among some of the staff in the party and government, but to show clearly that some of the current problems of corruption are not inherent in our party. The problem of corruption with certain staff in the party and government was a result of their failure to stand the test of administrative duties and reform and opening up and their being eroded by corrupt bourgeois thought and infected with bad habits such as individualism. We must perceive that although the party and government attached great importance to this problem and moved to eliminate a number of corrupt elements, the problem has not been solved to full satisfaction. This is a point of which we must maintain a sober understanding.

Adherence to party leadership is the basic guarantee for doing a good job in the construction of clean government. The CPC is the vanguard of Chinese working class and a faithful representative of the interests of nationalities of the whole country and a highly concentrated embodiment of all the strong points and characteristics of the Chinese working class. In the long time of revolutionary practice and construction, it has acquired its own unique and good tradition and style, and therefore has a tremendous inner dynamic to maintain uprightness and overcome corruption and shed putrid flesh and grow fresh parts. At the same time, she has always been consistent in leading the whole party and people of the whole country to wage unremitting struggle against various kinds of corrupt behavior. On the other hand, no bourgeois political party can possibly represent the collective will of people of the whole country. Bourgeois political parties can only represent one or several interest groups, and the narrowness of this kind of interest representation fundamentally determines that they only form parties and rule for their own selfish interests and cannot possibly realize clean politics.

Although there have appeared corrupt elements like Liu Qingshan and Zhang Zishan after the CPC came to power, and, in particular, corrupt phenomena within the party aggravated in periods following reform and opening up, overall speaking the mainstream in our party has been good; healthy force remains dominating. Our party is an upright and clean party and a leading force against corruption. Our party is entirely capable of overcoming with its own strength the corrupt phenomena within the party. The CPC always makes a point of waging struggle against the corrupt phenomena within the party. In particular, following the Fourth Plenary Session of the 13th CPC Central Committee, the third-generation leadership collective with Comrade Jiang Zemin as the core has taken the construction of clean government as an important item in its administrative program, scored notable results within a short time in its anticorruption struggle and won great praise from people of the whole country. Practice proves that our party was able to stand the tests of administrative duty and reform and opening up. The attempt to seize on some of the corrupt phenomena currently within the party to negate party leadership proved completely futile.

Upholding people's democratic dictatorship is the basic guarantee for realizing clean politics. The construction of clean government must insist on party leadership and, moreover, must be integrated into institutions and legal systems. Therefore, opposing and preventing corruption must rely on complete and adequate laws and rules and regulations in order to institutionally ensure the uprightness of state and party public servants.

Marxism-Leninism-Mao Zedong Thought is the basic guideline for the construction of clean government. The foundation of doing a good job in the construction of clean government lies in insisting on educating the broad mass of party members and cadres with Marxism-Leninism-Mao Zedong Thought and continually raising their quality. Marx, Engels, Lenin, Stalin, and Mao Zedong all left systematic and scientific discourses on clean government construction, which may serve as the theoretical centerpiece and guideline for action for our party's successful construction of clean government. A conscientious study and profound appreciation of their range of discourses on clean government construction are of utmost importance for raising the ideological and theoretical levels and political quality of the broad mass of party members and cadres, for strengthening their party spirit, for raising their ability to distinguish truth from falsity, for resisting the ideological erosion of the exploitative class and maintaining the uprightness of party and government organs and the broad mass of party members and cadres. Therefore, we must conscientiously organize the broad mass of party members and cadres to study the basic principles of Marxism-Leninism-Mao Zedong Thought, the works of Comrade Deng Xiaoping and other proletarian revolutionaries of the older generation, and the lines, principles and policies following the party Third Plenary Session of the 11th CPC Central Committee, in order to strengthen the sense against corruption and maintaining uprightness, the concept of legal systems and discipline, the consciousness of public servant, to self-consciously resist the ideological erosion of the exploitative class, go through the trials posed by the exercise of powers, money, favoritism for families or human relationships, supervision, personnel appointment, and to maintain the purity of a communist party member before the tests of administrative duty and reform and opening up, and continually forge ahead our party's cause.

Reports on Crime, Counter-Measures Examined

Criminal Procuratorial Talks Begin

OW0706103891 Beijing XINHUA Domestic Service
in Chinese 0752 GMT 6 Jun 91

[Text] Beijing, 6 June (XINHUA)—The second national meeting on criminal procuratorial work opened in Beijing today. The meeting noted that exercising criminal procuratorial power in continuing the severe attack against serious crimes and in deepening the struggle against corruption and bribery are the principal tasks in future criminal procuratorial work.

The meeting reviewed the achievements and experiences in national criminal procuratorial work in the past three years. It maintained that China has made great strides in criminal procuratorial work, and that the country has contributed positively to consolidating the people's democratic dictatorship, strengthening the legal system, and safeguarding and promoting reform and opening efforts.

In her report to the meeting, Zhang Fengge, director of the Supreme People's Procuratorate's criminal procuratorial department, said: In addition to processing cases, criminal procuratorial departments nationwide have launched massive efforts to seek overall improvements in social order, by making over 20,000 procuratorial proposals every year, and by exempting some 10,000 people from prosecution after assisting and educating them during inspection trips.

Zhang Fengge stated: Earnestly performing legal supervisory functions and continually improving investigative and judicial supervisory functions have always been the important goals in criminal procuratorial work. From 1988 to 1990, procuratorial organs rejected requests to arrest more than 138,000 people, apprehended over 26,000 people, and took corrective actions in over 18,000 cases involving illegal investigative conduct. Criminal procuratorial departments at all levels paid attention to correcting errors in verdicts (rulings), and to rectifying illegal judicial acts. During those three years, they filed motions challenging prosecution in over 4,800 cases, and took corrective actions in more than 7,300 cases involving illegal judicial conduct. This helped to protect the dignity of the law.

Present at the meeting were responsible persons from procuratorial organs and criminal procuratorial departments in the nation's 30 provinces, autonomous regions, and municipalities, and as well as those from relevant units under central authorities.

Procuratorate Reports Arrests

HK0706034491 Beijing ZHONGGUO XINWEN SHE in English 1432 GMT 6 Jun 91

[“China Continues To Deal Heavy Blow to Serious Crimes”—ZHONGGUO XINWEN SHE headline]

[Text] Beijing, June 6 (CNS)—A senior official of China's Supreme People's Procuratorate disclosed today that the priority this year would be to continue combating serious crimes strictly and swiftly in accordance with the law.

From January 1988 to March 1991, authorities of dealing with criminal affairs in the People's Procuratorate approved the arrest of over 1.878 million criminals.

The head of the Criminal Procuratorate Department of the Supreme People's Procuratorate, Mr Zhang Gengge, speaking at a conference today, said that the key targets to be combated this year are crimes which seriously undermine social order, such as murder, robbery, rape,

using explosives, serious cases of burglary, trading in humans, drug trafficking, stealing of guns, intentional damage of electricity and communications facilities and serious cases of swindling.

The department head stressed that habitual offenders, recidivists, escaped criminals and principal offenders in criminal rings are to be particularly targeted. The concerned authorities should exert greater efforts to tackle those cases having a serious impact on society swiftly in accordance with the law.

According to Chinese law, prosecuting authorities also take part directly in combating corruption and bribery.

Figures released by the Supreme People's Procuratorate show that the Procuratorate at all levels nationwide last year arrested over 35,000 offenders who committed crimes of corruption, bribery, violation of rights and dereliction of duty.

Crime Rate Alarms Authorities

HK0706051591 Hong Kong HONGKONG STANDARD in English 7 Jun 91 p 11

[By Cary Huang]

[Text] Violent crime has returned in the past decade as a side-effect of economic reforms introduced in the late 1970's by paramount leader Deng Xiaoping.

The situation has even deteriorated since the Tiananmen Square massacre into a phenomenal growth of triad crime.

It is so serious Beijing has set up a national commission to handle the problem and has even brought the army into the battle.

The Commission for Comprehensive Management of Public Security was established in March and was headed by Qiao Shi, a member of the powerful Politburo Standing Committee.

Chinese analysts say its setting up reflects the failure of police and the security apparatus to contain the worsening law-and-order situation, especially crimes involving violence and gangs.

It also shows the determination of the Chinese Communist Party to ensure that party authorities have overall control of efforts to crack down on crime as well as other efforts to destabilise the regime.

Crime has become so widespread and brutal, it challenges communist authority as well as shocking and terrorising the public.

Violent crime is back in rural China. Recently, 50 armed villagers attacked forestry wardens for thwarting their bid to steal valuable timber.

The revival of this rural terrorism is a side-effect of the economic reforms introduced in 1978, which, according

to analysts, has become a major concern of the authorities, who see their power being eroded, especially in the lower administrative ranks.

In other incidents:

—Two gang leaders were executed in Weichang, a county in northern Hebei province, last month after police uncovered a group of more than 200 men who had raped 65 females.

The two organised the men in the systematic rape of women and girls aged between 15 and 22 years, the PEOPLE'S PUBLIC SECURITY NEWS reported.

—Four 15-year-old high school students were arrested for allegedly murdering their female teacher in southern Jiangxi province, the SHANGHAI YOUTH DAILY reported last month.

The youths wanted to take revenge on the teacher, who had criticised them for skipping class, the paper said.

—A Shanghai court in March sentenced to death 15 people convicted of robbing and killing taxi drivers.

Violent crime directed at taxi drivers has become so rampant, taxis in several large cities such as Guangzhou and Beijing have had protective partitions installed between the front and back seats.

As well, male passengers are not allowed to sit in the front.

—A 12-year-old Guangzhou boy kidnapped his younger sister and threatened to kill her unless his mother paid him 100,000 yuan (HK [Hong Kong]\$150,000).

—People's Liberation Army (PLA) soldiers in Shantou, one of the five Special Economic Zones, have gone on a crime spree and the police cannot control it.

According to government officials and residents, robbery, theft, burglary and violent crime is widespread.

The PLA soldiers take refuge in their barracks after committing their crimes.

The mounting violence nationwide has forced Beijing to bring in the army.

Vice-Public Security Minister Yu Lei announced last month that joint patrols between regular and paramilitary police and army troops would begin in cities, towns and along main railways.

The patrols were aimed at "severely attacking criminals making desperate and wild reprisals against society and putting an end to their rampant arrogance," Mr Yu said at a national police conference.

He said the number of murders, robberies and crimes involving explosives, which had increased from last year, had had a serious impact on public order and had influenced the people's sense of security.

The army's introduction into the anti-crime campaign indicated concern among Chinese leaders that the situation had got out of hand.

Corruption among Communist Party and government officials is also rife.

More than 328,000 party members were disciplined during an anti-corruption drive over the past two years, the PEOPLE'S DAILY reported on Tuesday, without saying how many had been charged.

The party's mouthpiece said discipline inspection departments at all levels had investigated more than 400,000 cases.

Punishment had been dished out in more than 90 percent of the cases, the paper said.

Of those disciplined, more than 600 held senior party and government posts at and above provincial levels, it said.

Two former government ministers had already fallen victim during the campaign.

They were former minister of communications Qian Yongchang and former minister of construction Lin Hanxiong.

Mr Qian, 58, was dismissed in March for alleged abuse of his power for personal gain. Mr Lin, 62, was ousted for alleged violation of party discipline.

Before their sackings, a deputy minister of railways was also removed for corruption, but he was exempted from prosecution.

Chinese analysts believe corruption and other "economic crimes" make up the lion's share of offences in the country.

Drug Problem in Southwest Regions

HK0706051391 Hong Kong HONGKONG STANDARD
in English 7 Jun 91 p 11

[By S. L. Law]

[Text] China can no longer claim to be drug free.

The country's south-western regions have been struck hard by problems of drug abuse and trafficking in recent years.

Ironically, the 40 years China had enjoyed cut off from drugs was broken by an Indo-Chinese effort to combat drug-related crime.

In 1982, Thailand and Malaysia signed a pact to fight the Kunsa syndicate in the notorious "golden triangle" region.

In search of a new trafficking route, the syndicate started smuggling drugs through China's southern provinces—Yunnan, Sichuan, Guizhou and Guangdong—to Hong Kong, and from there to other parts of the world.

The first stop in the new route, Yunnan, was therefore the first Chinese province to record a drug problem.

According to statistics, about 18,000 drug-related cases were tried in courts from 1983 to 1990, and about 25,000 people were sentenced to death or given lengthy prison terms.

There were about 188,000 known drug addicts in Yunnan in 1989.

The real number of addicts could be several times higher.

Within Yunnan, Deyun—the area bordering Burma—is most seriously affected.

It was believed that nearly 4,000 people in the area were drug addicts in 1988—almost 3.14 percent of the area's population.

More than 70 percent of the addicts were under the age of 25.

Latest statistics are not available but it is believed the figures are much higher.

Reports said drug addicts came from a wide range of social backgrounds including academics, cadres, police and writers.

The drug problem has been accompanied by an increase in prostitution and robberies.

Yunnan has set up drug rehabilitation centres but it is believed that 70 percent of addicts returned to drugs.

The failure rate was partly blamed on heroin's association with wealth.

Fearing a spread of the problem, the Beijing government last month signed an anti-narcotics agreement with Burma.

In addition to getting international co-operation in fighting the drug problem, the Chinese government has also resorted to strict punishment.

Last June, to commemorate the 150th anniversary of the Opium War fought between China and Britain, Yunnan held a mass sentencing rally for drug offenders at which 40 people were executed.

Investigations into drug gangs has also been stepped up. About 200 drug-trafficking cases were uncovered from January to April this year, with about 300 suspects arrested and more than 50 kilogrammes of heroin seized.

Last month, seven Hong Kong residents and four mainlanders were arrested in Yunnan on drug trafficking and arms smuggling. Police seized 5.8 kilogrammes of heroin valued at \$181,000. [figure as published]

The case came to light when Yunnan police arrested three people on a Nanning-bound passenger train in April.

It was alleged the three—from Hong Kong, Guangdong and Guangxi—were carrying three kilogrammes of heroin.

Deng Urges Resolution of Zhao Ziyang Problem

HK0506155391 Hong Kong CHENG MING in Chinese
No 164 1 Jun 91 pp 12, 13

[“Notes on Northern Journey” by staff reporter Lo Ping (5012 0393); “Deng Sets Deadline for Winding Up Zhao Ziyang’s Case”]

[Text]

The Words “Deadline for A Conclusion” Again Came From High Levels

The 4 June tanks crushed the democracy dreams of thousands of people, as well as the dream of reform of one individual. He was not China's Gorbachev. Had he been, there would not have been June 4, China's fate might have been changed and he would not have ended up an imprisoned political sinner—despite the fact that he is not jailed.

Over the last two years his name has continually appeared at obvious corners in newspapers—“Zhao Ziyang to Reappear,” “Zhao Ziyang problem to be resolved,” “the Seventh Plenary Session will make conclusions on Zhao Ziyang”... Stories abounded but none of them had a sequel. Now relevant messages from CPC high levels show that a deadline for a conclusion on Zhao Ziyang has been set, and the person who gave this idea was none other than Deng Xiaoping.

Jiang Zemin Proposed Work Arrangements for Hu Qili, Rui Xingwen and Yan Mingfu

Deng Xiaoping made this opinion when touching on the work arrangements for Hu Qili, Rui Xiwu and Yan Mingfu.

Let us look at the prelude first. Earlier, on Deng Xiaoping's instructions, the CPC Central Committee Political Bureau studied the problem of work arrangements for Hu Qili, Rui Xingwen and Yan Mingfu. In the beginning, the CPC Central Committee intended to announce work arrangements for these three persons at the Seventh Plenary Session and National People's Congress [NPC] meeting, later it changed it to an internal announcement following the NPC meeting for fear that the repercussions might be too great and there might be negative influences. It was learned that Jiang Zemin personally raised with Deng Xiaoping and Chen Yun the problem of work arrangements for the three persons. Somebody commented that this move by Jiang Zemin was quite sophisticated. Returning Hu Qili and the other two to work on the eve of the second anniversary of June 4 could show, first that the domestic political situation was “stable;” second, placate some of those who still resented the CPC; and third, demonstrate that Jiang Zemin was a personage with a reformist tendency, yielding to people's wishes.

Peng Zhen "Set a High Demand on Hu Qili in the Hope That he Will Improve"

Returning Hu Qili and the other two to work had reportedly a great deal to do with Peng Zhen. Before the "liberation" Hu Qili was involved in student movements in Beijing, working under the northern bureau led by Peng Zhen. In the past Hu Qili respected Peng Zhen very much, often seeking instructions and reporting to him. After Zhao Ziyang was ousted, it was said that Peng Zhen summoned Hu Qili and gave him a tongue slashing. Hu Qili repeatedly assured Peng Zhen that he would "learn the painful lesson." Peng Zhen reproached Hu Qili because he was setting a high demand on him in the hope that he would improve; it was a reprimand of a veteran leader to his subordinate. Over the last year Peng Zhen had internally "spoken out impartially" for Hu Qili, which is why when Jiang Zemin suggested to Deng Xiaoping returning Hu Qili to work, Deng Xiaoping thereupon said: "They have been out of office for almost two years. Doing some work again will help unity and educating cadres." That finalized things. With it the problems with Hu Qili and the other two were resolved.

Deng Xiaoping: "The Problems Had Better Not Be Dragged On"

Having spoken on the problems with Hu Qili and the other two at the meeting with Jiang Zemin and others, Deng Xiaoping then went on to the Zhao Ziyang problem. Deng said: "The Zhao Ziyang problem should be resolved at the 14th National Party Congress and should not drag on. If somebody made a mistake, there should be some formal conclusion. An absence of conclusions and poor political accounts would not convince the person involved; moreover there would be negative opinions within the party, and these opinions are bound to show in some way." Deng also said: "The Zhao Ziyang problem is wider in influence. Earlier people inside and outside the party were upset and emotional—things would not have been tackled well then, and would have become worse if acted upon. At that time I said, do not be impatient for a conclusion, it would be good to leave the problem aside for a while. Zhao Ziyang himself needed a process for reappraising things, and the central authorities also needed a process for another self-criticism. Now the perspective is clearer, and the mood inside and outside the party has now calmed down. If the problems drag on past the 14th National Party Congress there might be negative effects." Deng Xiaoping was very clear in his intention that the Zhao problem should be resolved at the 14th National CPC Congress held in mid-1992.

"The 14th Party Congress Should Settle Things Once And for All!"

Deng Xiaoping asked about Zhao Ziyang's recent state and still affirmed that he "was resourceful and had an agile mind when coming to grips with the economy." However, Deng Xiaoping also criticized Zhao Ziyang before Jiang Zemin, Li Peng and Yang Shangkun: "He was not amenable to negative opinions. Both chairman and premier had criticized him for that." Yang

Shangkun chimed in: "After he became general secretary, there were several times the central authorities convened meetings and he would suddenly declare that the meeting was adjourned and with that broke off the meeting. But the next day he would like to resume the meeting, and provincial party secretaries would have to catch overnight planes to Beijing. Everybody was puzzled by his actions."

Deng Xiaoping also instructed Jiang Zemin: Judgments on past events must not lean in one single direction; the conclusion must be impartial as well as educative to cadres; One is one and two is two—it should be objective, impartial, seeking truth from facts and not leaving issues unresolved; otherwise some people might still want to settle old scores afterward. The 14th National Party Congress should settle things once and for all!

Chen Yun: "Zhao Ziyang Is a Considerable Liability"

Senior statesmen responded well to Deng Xiaoping's opinion. Chen Yun and Li Xiannian both agreed to give a conclusion to the Zhao Ziyang problem at the 14th National Party Congress. Chen Yun said: "Zhao Ziyang is a considerable liability, and one that will get increasingly heavy if we do not unload it. People inside and outside the country with ulterior motives, will always seize on Zhao Ziyang to exaggerate matters, nor will this help unity within the party." Chen Yun also said: "Regarding Zhao Ziyang, we should treat him according to our party's consistent principles: Learn from past mistakes to avoid future ones, and cure the sickness to save the patient, and give an impartial conclusion."

Senior Statesmen Do Not Hope That There Will Be a "Tail" to the Problem That May Haunt the Jiang Zemin Core

There are two more reasons why CPC decisionmakers will resolve Zhao Ziyang's problem at the 14th National Party Congress: One, the 14th National Party Congress will establish, organizationally and structurally, the third-generation leadership with Jiang Zemin as the core. Senior statesmen represented by Deng Xiaoping, Chen Yun, Li Xiannian and Yang Shangkun do want to leave the Zhao Ziyang problem unresolved and let this tail haunt, tangibly or intangibly, Jiang Zemin's leading and core status. Two, there had been sharp contradictions between Zhao Ziyang and Li Peng and Yang Shangkun; the rising power of Jiang Zemin's faction as a result of a power redistribution at the 14th National Party Congress, will create conditions for properly resolving the Zhao Ziyang problem. Obviously CPC decisionmakers have considered it thoroughly before making the arrangement.

In Shanghai Chen Yun Spoke on Zhao Ziyang's Merits and Mistakes

People knowing high-level inside situations well, revealed that on 15 May in Shanghai, Chen Yun, when listening to Zhu Rongji's and Shanghai Municipal CPC Committee's work reports, commended the committee

and spoke on the Zhao Ziyang problem, stressing: The Zhao Ziyang problem must, like everything else, be divided into two and so must his way of handling the economy: There were achievements as well as mistakes, and in some areas he was divorced from China's practical situation. Everybody got credit for the achievements, just as we cannot blame all the mistakes on Zhao Ziyang alone—that would not be a way that befits Marxism-Leninism.

The fact that Chen Yun stepped forward and gave encouragement to Shanghai shows, on the one hand, the importance he attached to Zhu Rongji and to the work there; and on the other hand his great efforts to leave a vivid image as a supporter and promoter of reform and opening up before the convocation of the 14th National Party Congress next year and before he resigns as chairman of the Central Advisory Commission. This was an analysis by a veteran cadre from Shanghai. It sounds reasonable.

Four Predictions for the Conclusions on Zhao Ziyang

All high-level cadres in Beijing are showing concern with the conclusions on Zhao Ziyang. The small circle is suddenly filled with all sorts of guesses but they are all agreed on the following: One, there will not be a sentence on Zhao Ziyang; two he will not be expelled from the party; three, he will not be charged with serious crimes and four, it might be arranged for Zhao Ziyang to work again. Only the 14th National Party Congress can determine how precise these predictions are. In my opinion, whatever the outcome, Zhao Ziyang's failure is a tragedy for our time, the CPC and for Zhao Ziyang himself. The tragedy of Zhao Ziyang is that, in a small way, he was like Gorbachev. But after all he was no Gorbachev. He lacked Gorbachev's mind, courage and daring. Even if Gorbachev, who is currently faced with tremendous difficulties, were forced out of power tomorrow, his merits in history would have been immortal, whereas Zhao Ziyang....

Achievements in Reforming Cadre System Detailed

OW0706101391 Beijing XINHUA Domestic Service
in Chinese 0839 GMT 6 Jun 91

[Text] Beijing, 6 Jun (XINHUA)—With changes in the development of cadre ranks since the CPC's founding 70 years ago, the cadre management system has been constantly improved and refined. In particular, striking success has been achieved in reforming many facets of the cadre management system, due to the shifting focus in the entire party's work, and to progress in reforming the economic, political, scientific, technological, and educational systems since the Third Plenary Session of the 11th CPC Central Committee.

1. The formulation and implementation of the principle of rendering cadres "more revolutionary, younger, better educated, and more professional" brought remarkable changes to cadre ranks, especially to leadership bodies at

all levels. Essentially, it helped to normalize the succession of old cadres by new ones, and is promoting rational structural changes in the leadership bodies.

2. Considerable breakthroughs were achieved in dismantling the system of lifetime tenures for leadership posts, thereby opening up channels for cadres to assume both leading and subordinate positions. Over the past several years, various localities transferred a number of cadres incapable of performing their assigned duties. Moreover, quite a few localities experimented with a tenure-based system for cadres at the bureau and section levels, thereby spurring fresh progress in abolishing the system of lifetime tenures for leadership posts.

3. Efforts were made to reform the cadre management system and to appropriately relegate cadre management authority. Party committees at all levels reduced, in principle, the number of subordinate levels from two to one, in an attempt to grant more decision-making power to their subordinate units, especially to enterprises and institutions, as well as to foster favorable conditions for advancing reform.

4. The extent of democratization was expanded in work related to cadres, and the people's rights to select and supervise such work were broadened.

5. The procedure for hiring cadres was reformed by abolishing the procedure based solely on appointments, and by adopting multiple hiring procedures based on selections, examinations, and appointments.

6. The responsibility system was extended to party organizations, government agencies, enterprises, and institutions, in an attempt to define obligations and powers, and to boost the cadres' confidence.

7. The system of relocating and exchanging leading party and government cadres was implemented in a guided and organized manner. Currently, efforts are being made to implement the system of not appointing leading cadres to posts in which they have a stake.

8. The cadre training system was reformed and refined, in an effort to improve the quality of the cadre ranks.

9. The system of combining examination and evaluation in hiring cadres and in selecting leading cadres was tried out rather extensively.

10. The reserve cadre system was improved further. After several years' efforts, rather large and comprehensive cadre reserve forces of fairly good quality were formed in party and government organizations at or above the county level throughout the nation.

11. Gratifying progress was made in enacting laws governing the cadre system. Several legally-based management systems were established, or are in the process of being established, in accordance with the requirements laid down in the general plans and overall formulations.

CPC Organization Department on Advanced Members

*OW0506222291 Beijing XINHUA Domestic Service
in Chinese 0824 GMT 5 Jun 91*

[Text] Beijing, 5 Jun (XINHUA)—According to the Organization Department of the CPC Central Committee, there are 50.32 million party members throughout the country. Overall, the ranks of party members are of good quality. The vast majority of party members have earnestly carried out the party's line, principles, and policies; played an exemplary vanguard role at their respective posts; and united and led the masses in fulfilling various tasks. In recent years, party members have accounted for over 70 percent of both the advanced workers and heroic models cited by various localities and departments.

Strengthening party members' ideological education and putting stress on building the party ideologically is a valuable experience summed up by our party in the course of long-term struggle. In 1942, our party developed the Yanan rectification movement, which was a general Marxist education movement in the whole party. It laid a solid ideological foundation for the convocation of the seventh national party congress, victory in the War of Resistance Against Japan, and the nationwide triumph of the new democratic revolution. After the Third Plenary Session of the 11th CPC Central Committee, the party was confronted with new historical tasks. To smoothly shift the focus of the party's work, education in the ideological line of seeking truth from facts was conducted among the vast numbers of party members and cadres. The discussion on the question of the criterion for verifying truth emancipated the people's minds to an extremely great extent. The study of the "Resolution on Certain Questions in the History of Our Party Since the Founding of the People's Republic of China"—a campaign carried out extensively among party members—corrected the party's "left" mistake in its guiding ideology, defended the scientific truth of Mao Zedong Thought and Comrade Mao Zedong's position in history, distinguished between right and wrong within the party, and increased unity. Since the Fourth Session of the 13th CPC Central Committee, efforts have been made by the party Central Committee, with Comrade Jiang Zemin as the nucleus, to fully implement the party's basic line, to concentrate on promoting party building, and to put stress on methodically and intensively conducting basic theoretical education in Marxism-Leninism-Mao Zedong Thought, education in the party's basic line, and education in party basics. With regard to the educational method, efforts have been made to persist in using positive education as the principal method, while combining regular training with various forms of lively and dynamic education and integrating intensive education with constant education. Education has raised the political quality of the broad masses of party members and enhanced their consciousness of becoming qualified party members for the new period.

Absorbing outstanding elements into the party in a planned way according to the criteria for vanguard fighters of the working class is a regular task in party

building. Since the Third Plenary Session of the 11th CPC Central Committee, the central authorities have put forward the principle of "adhering to the criteria, ensuring quality, improving composition, and developing prudently" on the basis of the experience they have summed up. Great attention has been paid to cultivating and absorbing into the party the advanced elements among workers, peasants, and intellectuals on the frontline of production. In particular, the work of cultivating party members from among industrial workers has been strengthened. From 1979 to 1990, more than 16 million new members were admitted into the party throughout the country. The composition and distribution of the ranks of party members also have been gradually improved. Of the new members admitted into the party in recent years, those with an education at and above the senior middle school level and young people at or under age 35 both account for over two-thirds. New members admitted into the party in 1990 totaled 1.3 million. Included among them were 310,000 frontline workers, or 24.1 percent of the total, and 197,000 peasants, herdsmen, and fishermen, or 15 percent of the total. Both showed a rise over the preceding year. Among the 24 million-plus technicians in various specialized fields across our country, party members account for around one-third. Female party members and party members of minority nationalities also have shown a relatively great growth in numbers.

To ensure an improvement in the quality of party members, all localities have taken many effective measures, including strengthening the education for activists requesting membership in the party. The "Circular on Gradually Establishing a Short-Term Intensive Training System for Activists Before Joining the Party" and "The CPC's Detailed Regulations for Recruiting Party Members (Tentative)," which were issued by the Organization Department of the CPC Central Committee, have enabled party-member recruitment to become more systematic and standardized. As of the end of 1990, more than 10.8 million people had applied for party membership. Of these, 30 percent were under the age of 25, and more than 50 percent worked at the forefront of production, teaching, scientific research, and the service trade.

Keeping party members' behavior within bounds and arousing their enthusiasm, initiative, and creativity by providing ideological education, strengthening management, enhancing organizational discipline, and establishing the necessary regulations and systems is the basic experience gained over the years for building up party members. After summing up the experiences of various localities, the party Central Committee decided in 1988 to gradually establish in all party organizations a system for democratically appraising party members. Experience in the past two years and more has proved that this system has strong vitality. The system combines party members' education, management, and supervision into one; integrates commanding the advanced and promoting the party's healthy trends with disposing of unqualified party members and wiping out negative

ingredients; and uses the mass line, criticism, and self-criticism to solve problems among party members. Very good results have been achieved in this regard. In 1990, 43.3 million party members across the country took part in democratic appraisal activities. Among them, 1.16 million were named outstanding communists by party committees at a higher level, and 310,000 were considered unqualified party members and were disciplined by their organizations. Of these 310,000 unqualified party members, 79,000 were persuaded to leave the party, their names were removed from the rolls, their party membership was withdrawn, or they were expelled from the party; 70,000 were penalized according to party discipline; and 160,000 were asked to correct their mistakes within a specified period.

To adapt to the new situation of reform, opening up to the outside world, and developing the commodity economy, party organizations at all levels, in light of local actual conditions, have studied ways of enabling party members to play their role better, accumulating wide experience and establishing a series of systems and regulations. All these systems and regulations focus on a central point: Enabling party members to establish close relations with the masses, and to unite and lead the masses to accomplish the party's tasks. Since the household contract responsibility system with remuneration linked to output was implemented in rural areas, a large number of party members have established connections with rural households, many party-masses groups and party-member service teams have been established to achieve prosperity jointly, and the system of objective management of party members has been widely established, enabling the vast numbers of rural party members to play the leading role in achieving prosperity for the masses and in promoting material and spiritual civilizations in rural areas. The enterprise circle has established party-member responsibility zones and conducted "no accidents around party members," "winning honor for party flag," and other activities. With their deeds, party members in enterprise circles have set a good example for the masses, advancing enterprise reform and development.

HK Paper Views Ye Xuanping's Status

HK0706052591 Hong Kong SOUTH CHINA MORNING POST in English 7 Jun 91 p 11

[By Daniel Kwan]

[Text] Former Guangdong governor Mr Ye Xuanping has given yet another signal that he wants to maintain his links with the southern province by taking up the advisory post of honorary principal of Jinan University in Guangzhou.

Chinese sources said Mr Ye's move could be aimed at telling officials in Beijing that he has no intention of being involved with politics in Zhongnanhai by linking himself one step further to the south China province.

On the other hand, he might also want to insist on playing the role of the mentor for Guangdong although he was promoted to Beijing more than two months ago.

Mr Ye has taken over a few other posts in other non-government or semi-official bodies such as the Guangdong Family Planning Committee and the honorary chairman of the Guangdong-based academic organisation Sun Yat-sen Foundation.

He was made the Vice-Chairman of the Chinese People's Political Consultative Conference last April and he stepped down from the provincial helm last month when Guangzhou party secretary, Mr Zhu Senlin, was elected his successor.

Mr Ye, 67, is the son of the late Marshal Ye Jianying. Mr Zou Jiahua, 65, Vice-Premier, is his brother-in-law.

Two months after his promotion, Mr Ye is still occupying the governor's residence in Zhuduo district and Mr Zhu has had to stay in his old domicile in Dongshan district.

In spite of such unusual treatment, Mr Zhu and Mr Ye are on good terms, according to sources in Guangzhou.

Mr Zhu, a Shanghai native who has little links with the rising Shanghai-faction in Beijing, is understood to have no opinions of Mr Ye's stay in Guangdong.

In fact, many cadres in Guangdong still believed it was Mr Ye, not Mr Zhu, who could really represent their interests in Beijing.

Mr Ye won deep appreciation among Guangdong people when he publicly defied Prime Minister Mr Li Peng in a State Council meeting last September by arguing that Mr Li's unpopular austerity measures could not be applied universally in Guangdong.

Mr Ye was backed by a strong team of reformed cadre. Many of them will be elevated to senior government positions in Guangdong later this year.

Mr Lei Yu, Guangzhou executive vice-mayor, will be promoted to the provincial government succeeding vice-governor Mr Yu Fei who will in turn fill the vacant position of the vice-chairman of the Guangdong People's Political Consultative Conference. This was left free after Mr Duanmu Zheng was promoted to vice-president of the Supreme People's Court in Beijing.

Mr Zhang Hanqing, Guangzhou deputy party secretary and a pragmatic cadre, will be named the next party secretary of Guangzhou.

Mr Zhang Gaoli, vice-governor, will inherit the transport and communications portfolio from his colleague Mr Kuang Ji, 62, who is tipped to retire later this year.

Environmental Protection Measures Stepped Up

HK0706041791 Beijing CHINA DAILY in English 6 Jun 91 p 3

[By staff reporter Zhou Baoxia]

[Text] In a renewed effort to promote public awareness of the country's pressing need for a better environment,

the government has decided to publish an annual report on its battle against pollution.

This, according to Wang Yangzu, deputy director of the National Agency of environmental Protection, is aimed at involving officials and individuals in a nationwide environmental protection drive.

Starting this year, the agency will release the country's environmental data every May. The report will reveal strategies implemented to prevent and treat pollution, as well as the general environmental situation across the country.

About 13 State departments which oversee environment, agriculture, forestry, water conservancy, urban and rural construction, land use, and energy and chemical industries are expected to play their part in the compiling of the report.

Wang, on behalf of the National Agency of Environmental Protection of China, released the 1990 report on the eve of yesterday's World Environment Day.

The theme for the year, set by the United Nations Environment Programme, was "the climate is changing—that requires global co-operation."

Apart from releasing the 1990 report in an effort to make the public aware of the severe environmental situation in the country, various publicity and consulting services were carried out in each of Beijing's urban districts and rural counties.

Activities in Beihai Park, organized by the People's Government of the Western City District, included calligraphy writing, painting, an exhibition of rare animals, Karaoke and bird-taming performances.

A large-scale exhibition of "Earth and Man" opened at the Geological Museum in western Beijing's Xisi area yesterday morning. The World Environment Day activities ended in a fashion show and art performances.

Forum Urges Language Standardization

*OW0606181491 Beijing XINHUA in English
1417 GMT 6 Jun 91*

[Text] Beijing, June 6 (XINHUA)—Dozens of language experts and officials in charge of television, film and publications gathered here today to appeal for greater efforts across the country to promote the standardization of the Chinese language.

The meeting was held in the Great Hall of the People to commemorate the 40th anniversary of an important "PEOPLE'S DAILY" editorial, which is regarded as a landmark for China's language standardization program.

The participants in the meeting agreed that more Chinese in the past four decades have been mobilized to speak Putonghua (standard Chinese pronunciation) and to use the simplified Chinese characters in everyday writing and public advertisements.

However, they noted that a "serious disorder" has occurred in recent years in the oral and written languages used by Chinese: Local dialects are again being heard on radio and television broadcasts, and the original complex form of Chinese characters has reappeared on billboards.

They said that this situation has inconvenienced China's language usage and research, and has obstructed some of China's contacts with the outside world.

Chinese characters were simplified forty years ago. The number of strokes in each character was reduced and complicated variants were eliminated.

The experts pointed out that along with social advancement, computer language processing techniques will be further developed in China, and therefore, language standardization among Chinese people should be strengthened.

Science & Technology

Minister Li Zongtang Backs Engineering Technology

*OW0206072491 Beijing XINHUA Domestic Service
in Chinese 0145 GMT 2 Jun 91*

[By Apprentice Zhang Yi (1728 5065)]

[Text] Beijing, 2 Jun (XINHUA)—All of us aspire to build a bridge connecting scientific and technological results with the actual forces of production. Lin Zongtang, mechanical authority and minister of the aeronautics and astronautics industry, has stated: Engineering technology is an intermediate link between science and the economy. Only by continuously developing engineering technology can we accelerate turning scientific achievements into a productive force and finally pushing forward economic progress.

In spite of the fact that China has achieved remarkable results in some fields of engineering technology, it is—generally speaking—still a backward country in terms of science and technology. Therefore, Li Zongtang urged: We should take resolute measures to promote engineering technology. He added that we should enhance our understanding of the importance of engineering technology and make it a basic national policy to develop engineering technology. In the aspects of organization, leadership, principle, policy, funds, and arrangement of projects, we should support and protect the sound development of engineering technology. While following the development of worldwide advanced technology, we should make a resolution to develop a group of engineering technology projects, which will exert great influence on overall national strength, so as to promote engineering technology levels in some key fields.

Li Zongtang said: It is necessary to follow the road of reform and opening to the outside world and strive to build a system of engineering technology with Chinese characteristics. From the aspect of a guiding ideology, we should stick to the theory of knowledge based on dialectical materialism, practice it continuously, and improve

it gradually. In the course of development, we should be mainly self-reliant and actively introduce technologies from abroad. In the area of ideology, we should pay attention to developing new products and to improving production technology. In the area of management systems, great efforts should be made to strengthen intermediate links for experiments, to enhance ties between scientific research units and enterprises so as to accelerate the transition of scientific and technological results to production technology. In the area of economic policy, technological transformation in the main supporting scientific and technological units should be included in the state's plan.

Li Zongtang added: It is very important to strengthen the training of personnel to create a large contingent of high-calibered experts on engineering technology. We should attach great importance to education and improve engineering colleges, engineering and professional schools and turn them into a base for providing high-quality personnel with good moral standards for the first line of scientific research and production. Particular attention should also be paid to conducting, in a planned and organized way, continuing education for engineering and technical personnel.

Qian Xuesen on Importance of Science, Technology

HK0406125591 Beijing RENMIN RIBAO
in Chinese 21 May 91 p 3

[Article by Qian Xuesen (6929 1331 2773) reprinted from ZHENLI DE ZHUNQIU No 5, 1991; "Thoughts on China's Science, Technology Undertakings"]

[Text] Today, the Science and Technology Subcommittee of the National Committee of the Chinese People's Political Consultation Conference [CPPCC] is in session, and asks me to give a speech. I want to make use of this opportunity to brief the committee on my thoughts on the undertakings of science and technology in our country over the past year and to provide some background information for the committee's discussion on the 10-Year Program and the Eighth Five-Year Plan for National Economic and Social Development.

First, More About Science and Technology Being the Primary Factor of the Productive Forces

On 17 March last year, I mainly dwelt on this issue at the first enlarged plenary session of the CPPCC National Committee's Science and Technology Subcommittee, and the speech was later published on the first issue of ZHENLI DE ZHUIQIU [PURSUIT OF TRUTH] in 1990. Late last year, RENMIN RIBAO and other newspaper published my speech on 14 August, which also mainly dwelt on this issue. In the past year, I always considered this issue. When I dwelt on it last year, I mainly used the profound feelings derived from the practical work of our scientists and technologists to expound the truthfulness of Comrade Deng Xiaoping's proposition that "science and technology constitute the primary factor of the productive forces."

Why is this thesis true? And why do many people still fail to understand this truth? Marxist theory mainly mentions three factors in productive forces: First, people engaged in production; second, tools and machines used in production; and third, materials and parts to be processed and assembled in production. There, no stress is laid on science and technology. Of course, Marx did say that science and technology independently constitute a type of producing capacity, and he also generally mentioned that science and technology form certain productive forces in society. He did not emphasize that it is a major factor of productive forces, however. So in general, when books dwell on historical materialism and mention the composition of productive forces, only the three items mentioned above are enumerated. Why? This should be understood from the viewpoint of historical materialism. When Marx was alive, science and technology were not as important as they are today in the development of productive forces. Marx died more than 100 years ago. At that time, his understanding of science and technology was subject to the limitations of the times. Marx was a human being rather than a god. He did not and could not foresee that science and technology would become such an important factor of the productive forces today. Marx mentioned that science and technology constitute part of productive forces, but he did not say that they are the primary factors of productive forces. In fact, all three factors of the productive forces, namely, people engaged in production, tools, and objects of production, need to be grounded on science and technology.

We may review history. In remote antiquity, did mankind conduct production? Yes, of course. Were there productive forces? Yes, of course. However, was there science and technology? It is hard to say so. Maybe, there was only work experience. Science did not appear until the era of the Renaissance in the West, and machines did not begin to emerge until the late 18th century. Watt invented the steam engine, but Watt was still not a scientist. He was just an experienced and intelligent technician. At that time, although science had come into being, it was not closely linked with technology. It was not until the second half of the 19th century that close relations took shape between science and technology. About 100 years ago, schools for training senior engineers with an academic degree of higher education appeared. Such historical development showed that it was impossible for Marx to consider science and technology as the primary factor of productive forces in his lifetime. This was quite natural. But it is still necessary to make it clear. In social sciences circles, some people are keen to quibble about bookish grounds and sources, and we need to help them deepen their understanding. In short, by coming up with the thesis that science and technology constitute the primary factor of productive forces, Comrade Deng Xiaoping developed Marxism-Leninism-Mao Zedong Thought.

To be sure, nobody now still denies the importance of science and technology. However, it is no easy matter to set

really great store by science and technology and to do down-to-earth work, make great effort, and increase input to promote science and technology. We need to understand that science and technology constitute the primary factor of productive forces from the high plane of the Marxist outlook on development. After acquiring a correct understanding, we still need to help other comrades enhance their understanding in this regard. This is an important task for us scientific and technological workers.

Second, as Science and Technology Constitute the Primary Factor of Productive Forces, We Should Admit that Our Productive Forces Still Lag Far Behind Advanced World Levels

China was a poor and backward country in the past. Great achievements attracting the world's attention were made in our socialist construction in the past 41 years. All committee members have personal feelings of this, and have made great contributions to this. Ours remains a developing country, however. Both the second and the third point of the 12 major principles for building socialism with Chinese characteristics put forth by the CPC Central Committee's "Proposal on the Formulation of the 10-Year Program and the Eighth Five-Year Plan for National Economic and Social Development" adopted by the Seventh Session of the 13th CPC Central Committee stress the need to take the development of social productive forces as the fundamental task in our socialist construction. The reforms and improvements of the economic, political, cultural, educational, scientific-technological management systems also serve the purpose of developing productive forces. We are now undergoing the second phase; in the future, we will enter the third phase. The third phase will extend to the middle of the 21st century and will raise our productive forces to the level of an intermediately developed country. That is to say, even in 60 to 70 years from now, we will just attain the level of an intermediately developed country. We should realize that while great achievements have been made, a substantial gap remains. We still have to do a great deal of work. Scientific and technological workers are people holding and applying the primary factor of the productive forces. They shoulder an arduous but also glorious burden.

On 22 March, RENMIN RIBAO published in the first page a table showing the achievements of economic and social development in our country in the 1980's. Our output of cereals, cotton, meat, and coal ranked first in the world. As being engaged in scientific work, we should know what is the yardstick for judging our place in the world. A very good yardstick is the comparison between the percentage of our output in the world's total and the percentage of our population in the world's total. As we know, our population now accounts for 22 percent of the world's total population. Then, it is not hard for us to make the comparisons. By consulting the "Yearbook of 1990 Statistics of China," I found that our steel output in 1988 ranked fourth in the world, but accounted for merely 8.68 percent of the world's total; our crude oil output might rank sixth in the world, but accounted for

merely 4.73 percent of the world's total output. We did have something ranking first in the world. For example, our production of raw coal ranked first and accounted for 27.64 percent of the world's total. There may be something inaccurate. What we calculated was the quantity of raw coal, but other countries calculated the quantity of refined coal. Our cement output also ranked first in the world and accounted for 19.64 percent of the world's total. Even so, the per capita output was just equal to the world's average, and was still not an advanced level. As for electricity production, ours lagged far behind the world's average level as ours accounted for merely 5.18 percent of the world's total electricity output. Our sugar output accounted for only 4.49 percent; and our output of meat, beef, and mutton accounted for about 20 percent of the world's total, and this was not too bad.

When talking about our achievements, we must keep our heads sober, and should be clearly aware of the world's total output and the percentages of our output in the world's total. Otherwise, we may feel that we have reached the peak when seeing that the output of some of our products ranks first in the world. That is why we should also mention the proportion of our outputs in the world's total.

Third, Our Measures and Methods

First, it is necessary to deepen our understanding of the status of science and technology as the primary factors of the productive forces. We have made great achievements and are still facing a substantial gap. So what should be done? And what should the Science and Technology Subcommittee and the CPPCC National Committee do? In my view, we should comprehensively view scientific-technological, economic, political, and national defense affairs in a long-term, overall, and strategic perspective at present. Now, some ideas bearing a long-term, overall, and strategic perspective have not been sufficiently heeded. One year ago, I said at the first enlarged plenary session of the CPPCC National Committee's Science and Technology Subcommittee that matters of science and technology are not merely issues in the scope of science and technology. If science and technology are really taken as the primary factor of productive forces, they still need to rely on well-coordinated support from many other fields, including the political, economic, and structural aspects, in order that science and technology can actually play their role. Thus, there must be a long-term, overall, and strategic perspective. The first step is to understand the point that science and technology constitute the primary factor of productive forces, and this is of great importance. However, some of our scientific and technological workers have not made sufficient effort to give publicity to this point. We should arm people's minds with the idea that "science and technology constitute the primary factor of productive forces," and should change the outmoded ideas in people's minds. Some people do not consider science and technology as the primary factor; instead, they think that loans are of paramount importance or marketability of

their goods is the most important issue. They do not expect that science and technology may help them settle their problems. We do not care if we are criticized for "praising the goods we sell." On this issue, we should "praise the goods we sell" and go all out to give publicity to our viewpoint.

Second, it is necessary to go all out to make a concerted effort and thus bring the advantages of socialism into play. Without doing this, it would be hard to fulfill our tasks and actually to make science and technology the primary factor of productive forces. On 13 March, JINGJI CANKAO BAO [ECONOMIC REFERENCE] carried a survey report about the shelterbelt construction project in the upper and middle valleys of the Chang Jiang. The report said: The construction of the shelterbelt is a matter for all quarters in society, so all quarters in society should be mobilized to make contributions to this "social project." The reporter summarized proposals collected in various localities into five points: 1) The state may enjoin such central departments concerned as those in charge of water resources, agriculture, finance, commerce, land management, environmental protection, energy development, railways, and communications to join the forestry department in setting up a leading and coordinating organ, which may be named "Chang Jiang Shelterbelt Construction Committee," thus making up for the insufficiency of the coordinating capacity of the forestry department. 2) The shelterbelt project should be linked with the water and soil conservation projects, the comprehensive agricultural development projects, and the work of land management, environmental protection, and poverty elimination in the same areas; and investments should be made as a lump sum in some specific interrelated projects. 3) The departments concerned should make compensations for soil erosion and forest damage caused by the construction of highways, railways, reservoirs, power stations, and mines. They may plant trees in the deforested areas or may foot the bill for the water and soil conservation projects. 4) Funds can be raised through diverse channels, such as gathering idle money scattered in society or soliciting international aid. 5) Provinces and municipalities in the lower valley of the Chang Jiang, which will gain the greatest benefit from the shelterbelt project, should make contributions to the river-harnessing project in the upper and middle valleys by making investment, undertaking construction contracts, or offering material aid. These five points are very meaningful. On the face of it, the construction of shelterbelts in the valleys of the Chang Jiang is a matter for the Ministry of Forestry; in fact, it is related to many departments and goes beyond the capacity of the Ministry of Forestry. On 16 March, RENMIN RIBAO published a speech by Comrade Li Tieying at the meeting to commend the outstanding workers in the national census. I found that a passage of his speech was of great importance: "The success of the census has once again shown the great rallying force of our party and government and their ability to exercise effective leadership and conduct efficient work; at the same time, it has also

proved that there exists a strong centripetal force among the masses toward the party and the government and that the party and the government always share weal and woe with the masses. As long as the party and the government give out a call, any difficult and arduous task can be successfully fulfilled. This has once again shown that in a large developing socialist country such as ours, as long as the advantages of the socialist system are brought into play and extensive social mobilization is made, everything can be accomplished effectively and efficiently. On the other hand, the successful census has also once again manifested the great strength of science, especially soft science. Census-taking is a social systems project with many steps and links. Without modern scientific methods and management skills, it would not be successful."

From the above-quoted report and speech, we may note that while engaging in the scientific and technological work, which constitute the primary factor of productive forces, we should not merely pay attention to our own work. Instead, we should go all out to make joint and concerted efforts with various quarters in society. Only thus can we better fulfill our tasks. It was recently reported that the number of high-technology development zones approved by the state had increased to 27. This is good news. If each just goes his own way, however, things may be spoiled. It is still necessary to greatly promote cooperation.

Third, it is necessary to establish an industry of science and technology. The oldest industry is agriculture. Then comes commerce, manufacturing, transportation, banking, and so on. Since science and technology constitute the primary factor of productive forces, why should there not also be an industry of science and technology? Some people now argue that the development of science and technology depends on the needs of other industries, because science and technology will get nowhere if there is no need in other fields. Our country abounds in minerals containing tungsten and various rare-earth elements. The deposits of such minerals in our country rank first in the world. If a certain country is called the "oil kingdom" and can thus dominate the world's oil market, why can our country not have influence on the world's tungsten and rare-earth market? In short, as human society has entered an era in which science and technology constitute the primary factor of productive forces, why can science and technology not be turned into an "industry"? All out-of-date ideas should be changed. And the establishment of the new conception will have a great bearing on science and technology. Our science and technology should launch an "offensive" to show their extremely huge strength. The work centered on economic construction cannot do without science and technology.

Survey Shows Scientific-Technological Advances

OW0306045091 Beijing XINHUA Domestic Service
in Chinese 0137 GMT 1 Jun 91

[By reporter Yang Zhaobo (2799 0340 3134) and apprentice Yuan Jun (5913 0193)]

[Text] Beijing, 1 Jun (XINHUA)—A survey conducted by the Institute of Science and Technology System and Management under the State Science and Technology Commission shows that China has achieved marked results in reforming the science and technology system and that more than 72 percent of scientific and technological personnel are "satisfied" or "basically satisfied" with the reform. A total of 95.5 percent of directors of research institutes and centers believe that the reform of the science and technology system enhances the ability of scientific research organs to serve society and the economy, while 83.5 percent of them believe that the reform is improving social economic performance.

A group of members of scientific divisions under the Chinese Academy of Sciences, directors of state-level and international professional associations, and experts and scholars who have made outstanding contributions carried out this survey, which was conducted in wake of "the Decision of the CPC Central Committee on the Reform of the Science and Technology System." The group issued 10,000 questionnaires to over 2,600 directors of research and development organs across the country. A total of 1,000 directors and 6,468 management, scientific, and technological personnel returned the questionnaires, outlining their appraisals of and opinions about the reform of the science and technology system.

The survey reveals a profound change in China's research and development organs: They are beginning to change from the closed-door type of the past, which is characteristic of solely engaging in scientific research, to one emphasizing both scientific research and management; the sense of serving the society and economy is commonly being strengthened; and the operation mechanism of the past by which "the state orders the missions to be performed, appropriates the funds, and enjoys all the research achievements" is being changed. In the first half of 1990, 45.8 percent of scientific research issues undertaken by research and development organs across the country were commissioned by other organizations or enterprises or selected by the research and development organs themselves. During this period, they transferred for application 32,000 items of scientific and technological achievements to industrial enterprises. A trend of rapid growth in transferring for application scientific and technological achievements has appeared.

The survey indicates that the policy of invigorating scientific research organs and the management of scientific and technological personnel has made a profound change in the leadership and management system of research and development organs, thus enhancing their vitality and further bringing into play the enthusiasm and creativity of the broad masses of scientific and technological personnel. Many scientific research organs have expanded their decision-making power, attained their legal person status, and increased their functions, efficiency, and economic performance as scientific research organs, which the great masses of scientific and technological personnel welcome.

The survey shows: The strength of China's research and development organs has increased. In the first half of 1990 alone, research and development organs across the country undertook more than 116,000 research projects, an increase of 22.4 percent over those undertaken in 1986. The survey points out that despite all of these achievements, however, there remains an outstanding problem; namely, scientific research organs have an inadequate number of tasks. A total of 74.6 percent of directors who returned the questionnaires say that "there are an inadequate number of scientific research tasks." A total of 74.4 percent of directors believe that important factors limiting their personnel in playing their roles are "an inadequate number of tasks and overstaffing." They express their hopes that departments concerned will pay much attention to these problems.

Articles Cited on Sophisticated High-Tech Industry

*OW0406025491 Beijing XINHUA in English
0101 GMT 4 Jun 91*

[Text] Beijing, June 4 (XINHUA)—Government officials and noted economists have written articles advocating the development of China's high technology industry, according to the PEOPLE'S DAILY on Monday.

China has opened 27 sophisticated high technology development zones since 1988 when the first such zone was established in Beijing.

In one article, Yuan Mu, director of the State Council Research Office, said that the development of high technology is a key item during China's Ten-Year Program (1991-2000) and Eighth Five-Year Plan (1991-95) for national economic and social development. According to Yuan it is also a major measure designed to boost the country's high-tech industry and to promote technical and industrial upgrades.

Yuan explained that the establishment and development of high-tech industrial zones is not only beneficial to the formation of China's new mechanism for technical upgrading, but also brings the superiority of areas which have more talented people, technical forces and equipment, and scientific research institutions, into full play.

High technology development will help China rearrange its industrial structure and transform traditional industries, while helping to deepen national reform, according to Yuan.

In an article concerning the development of the high-tech industry and the strategic selection of an operational mechanism, well-known economist Ma Hong, who is the vice-chairman of the Financial and Economic Committee of the Chinese National People's Congress, called on the state to draft a wide-ranging rational plan. In addition, he urged to designate their trades and strategic products in line with local conditions, market requirements and the superiority of science and technology.

Ma noted that one of the features of the high-tech industry is the requirement for a more flexible operational mechanism.

He encouraged all localities to learn from the Beijing High-Tech Industrial Development Experimental Zone, which is operating smoothly under the principles of self-collection of funds, free alignment, self-management, and sole responsibility for profits or losses, as well as self-development and self-restraint. In his article, Gao Shangquan, vice-minister of the State Commission for Restructuring Economy, said that reform is the motivating force for the development of science and technology.

Gao said that in order to transform science and technology into the major factor of productive forces it is necessary to turn scientific research results into actual commodities and to then put them into production. According to Gao, only by combining science and technology with marketing can research results actually generate great effects.

The key to developing the country's high-tech industry is to enliven the profitability of enterprises to enable them to gradually develop into commodity producers, and ensure them to have decision-making power, assumes sole responsibility for profits or losses, as well as possess capacities of self-development and self-restraint.

According to the vice-minister, the high-tech industry must operate in line with actual conditions and market needs in China, and must prevent the tendency to pursue only "sophisticated" and "new" technology.

Gao encouraged all localities to further deepen efforts to reform the science and technology system and actively participate in national economic reform in order to establish a new system and operational mechanisms that are beneficial to scientific progress and economic development.

Lu Yucheng, vice-mayor of Beijing and director of the Beijing Sciences and Technology Committee, said that the Beijing New Technology Development Experimental Zone has been developed smoothly in the three years following the State Council's approval in 1988 which made it China's first such zone.

Lu said that from a practical standpoint China must enhance sophisticated technology in order to revitalize the nation.

According to Lu, China has many talented people, but because of the conventional economic and scientific systems, the number of scientific research achievements has been limited in laboratories, colleges, universities and research institutions.

The Beijing high-tech zone provides a place where these research achievements can be turned into productive forces, and thus far the zone is home to nearly 1,000 high-tech enterprises.

Lu indicated that the development of high-tech industry must be based on self-reliance, and must import advanced foreign technology and equipment, while increasing exports.

Military

Jiang Zemin Writes Inscription for Militia Class

OW0606105791 Beijing XINHUA Domestic Service
in Chinese 0952 GMT 5 Jun 91

[By reporters Gai Yumin (5556 3768 3787) and Zhao Jiucheng (6392 0036 2052)]

[Text] Beijing, 5 Jun (XINHUA)— The month-long all-army class for "Regulations on Militia Work" ended today. Jiang Zemin, general secretary of the CPC Central Committee and chairman of the Central Military Commission [CMC], wrote an inscription for the class: "Build a Modern National Defense by Combining a Smaller but Highly-Trained Regular Army with a Strong Reserve Force."

With Mao Zedong's military thought as the guide and "Regulations on Militia Work" as the basis, nearly 100 senior army cadres responsible for building the reserve forces of national defense who attended the class earnestly studied Mao Zedong's thought on people's war; profoundly understood the important instructions issued by CPC Central Committee, State Council, and the CMC on building up the reserve forces; further clarified the guiding ideology, policies, and basic policies for militia work in the new period; reached a common understanding and got a clear understanding of their responsibilities and tasks; and reaped rich fruits in the field of theory.

Chi Haotian, chief of the General Staff Headquarters, spoke at the ceremony marking the conclusion of the class. He urged comrades engaged in militia and reserve forces work to make thorough studies, be brave in exploration, and work hard to implement their work. How to adapt militia and reserve forces work to the needs of modern warfare and to maximize the intrinsic superiority of the people's war is big theme. We must write hundreds of good articles each with its own characteristics under this big theme and further raise the level of our reserve forces.

He Qizong, deputy chief of the General Staff Headquarters, also spoke at the ceremony. Zhang Zhen, president of the National Defense University and its political commissar, presented diplomas to the students.

PLA Circular Commands Military Enterprises

OW0406212891 Beijing XINHUA Domestic Service
in Chinese 0750 GMT 4 Jun 91

[By reporter Guo Diancheng (6753 3013 2052) and correspondent Wang Yihua 3769 0034 5478]

[Text] Beijing, 4 Jun (XINHUA)—The military has scored marked results in production and business operation. The PLA [People's Liberation Army] General Staff Department, the General Political Department, and the General Logistics Department, recently commended 84 advanced enterprises, 48 advanced farm ranches and 174 model workers and outstanding entrepreneurs.

The circular of the PLA General Staff Department, the General Political Department, and the General Logistics Department stated that since the Third Plenary Session of the 11th CPC Central Committee, particularly during the Seventh Five-Year Plan period, the broad mass of officers and men, staff members and workers in the military who are at the production and business operation front have earnestly implemented the principles and policies of the CPC Central Committee, State Council, and the Central Military Commission on the economic work. By centering their efforts around the tasks of improving the economic environment and rectifying the economic order, deepening reform, and strengthening management, they extensively carried out such activities as "creating advanced units," "striving for excellence," and other labor emulation activities, all of which contributed to the development of production. Business-oriented plants affiliated with the military now take the path of "switching to production of civil products after meeting the production needs of the military." At present, a production pattern of "military and civil product production integration, peace and war time production integration, giving priority to production of military wares, and production of civil products to support the military" is taking shape at three-fourths of the business-oriented plants affiliated with the military. Plants, mines, and tertiary industry operated by the military saw a rapid development. Output value, profits and taxes generated by the military-run businesses in 1990 saw a seven-fold increase over those of 1985. Also taking shape is a production system in farm sideline product production with farm ranches as backbones, brigade and regiment based non-staple food bases as a central link, and company spare-time production as a foundation. The military's farm sideline product production is developing in the direction of "making crop cultivation and livestock breeding a coordinated process" and of "streamlining farming, industrial and business operation." The quality of military enterprises also saw improvement. A total of 55 military plants now join the ranks as second class in the state enterprise category, and as first class in the military enterprise category. Another 122 military plants were promoted to become advanced enterprises in provinces, cities, and in the army.

The circular of the PLA General Staff Department, the General Political Department, and the General Logistics Department, called on army's commanders and fighters, staff members and workers, to learn the spirit of self-reliance and the Nanyuan spirit of hard struggle from model workers and outstanding entrepreneurs and from veterans at war production department who wholeheartedly serve for the army. The same circular also called on all to strive to become pioneers and contributors, and make a still greater contributions to improve life in the

army, enhance the army's combat strength, and help revolutionize, regularize, and modernize our army.

Guide to Books on Art of War Published

OW0406130991 Beijing XINHUA Domestic Service
in Chinese 0153 GMT 4 June 91

[Text] Beijing, 4 June (XINHUA)—Chinese books on the art of war can be traced to ancient times and their contents are very comprehensive and profound. *The General Guide to Chinese Books on the Art of War*, published by the Liberation Army Publishing House recently, comprehensively introduced Chinese books on the art of war.

According to the book's research, Chinese books on the art of war originated in the Western Zhou Dynasty [c. 11th century—771 B.C.] The emergence of *The Art of War* by Sun Zi symbolized the maturity to a high degree of the Chinese books on the art of war. There were altogether 4,000 Chinese books and about 30,000 volumes on the art of war during the past dynasties. Of these, 2,308 books with 18,567 volumes still exist today, while 1,072 books with 4,936 volumes are listed in catalogues. The guide also introduced the categories, contents, value, stages of development, and characteristics of the books, as well as the places where the existing books are kept.

Historians feel that the guide is the first work which comprehensively studies and introduces Chinese books on the art of war. It indirectly unveils the glorious achievements of ancient China and carries forward the fine traditional culture of the motherland.

Research, Writings Foster Army Building

OW0306152991 Beijing XINHUA Domestic Service
in Chinese 0747 GMT 2 Jun 91

[By correspondent Sun Xue (1327 1331) and reporter Hu Nianqiu (5170 1628 4428)]

[Text] Beijing, 2 Jun (XINHUA)—A number of theoretical achievements in military science research that will have an important effect on and play a guiding role in army building will be published one after another by the Academy of Military Sciences of the Chinese People's Liberation Army [PLA] during the Eighth Five-Year Plan.

These achievements include "Mao Zedong's Military Strategic Theory," "An Introduction to Mao Zedong's Military Ideology," "Deng Xiaoping on National Defense Building and Army Building," "The Methods of Battles of the Front Army of the Chinese PLA," "The PLA's Standardization and Education in Management," "History of the Chinese PLA, Unabridged Edition," "Chinese Military Encyclopedia" (11 volumes), "Political Work Research in the Troops," "Management Automation and Indexing System for Military Documents" and Military Science Research Database System."

According to the Academy of Military Sciences, during the Eighth Five-Year Plan, the Academy of Military Sciences will, on the basis of summing up the basic experiences in China's army building, further strengthen theoretical research of the proletarian military science. The main points stressed in the research will include Marxist-Leninist military theory and Mao Zedong's military ideology; the theory of national defense building and army building; military laws and regulations; military history; research and the compilation of reference books, including military dictionaries and laws and regulations; military operational research; and hundreds of other questions for study. The Academy of Military Sciences will also expand its academic exchanges with academies abroad and strengthen our army's influence in the international sphere through achievements in research. In addition, it will bring up a number of experts and scholars through practical scientific research, who also enjoy being celebrities to a certain extent.

Hebei Official Interviewed On Militia's Role

SK2905030491 Shijiazhuang HEBEI RIBAO
in Chinese 29 Apr 91 p 3

[Interview with Hebei Provincial Deputy Han Shilian by correspondent Wang Zhiqiang (3769 1807 1730) and reporter Lou Zhenxu (1236 3791 7312) entitled "Fully Display The Role of Militia;" place and date not given]

[Text] While the provincial People's Congress was in session, reporters had an interview with Han Shilian, the newly by-elected deputy of the seventh provincial People's Congress and commander of the Hebei Provincial Military District.

"Implementing the strategic objective mentioned in Acting Governor Cheng Weigao's report is a matter not only for leaders and departments of a certain level but is also a common task of party committees and governments at all levels and the masses across the province. The People's Armed Forces Departments and the broad masses of militia and reserve forces are an important new force." Han Shilian gave this remark conscientiously and sincerely as soon as he met with reporters.

During the Eighth Five-Year Plan period, how can the broad masses of militia and reserve forces be made to actively participate in the coordinated activity economic construction? Han Shilian replied thoughtfully: We will uphold the guiding ideology of building up the militia in the light of the overall situation of economic construction. We will make full use of some fronts such as the "homes for young militiamen" to publicize the party's line, principles, and policies, make the 10-Year Program and the Eighth Five-Year Plan strike roots in the hearts of the people, and turn them into the conscious actions of the people throughout the province. We will organize the militia and reserve force to serve as key members and vanguards in the campaign for "invigorating Hebei with science and technology." The People's Armed Forces Departments at all levels should depend on the militia

training bases and coordinate with departments concerned to run specialized technical training sessions and unceasingly raise the scientific level and the skills of the militia and the masses to become rich. It is necessary to organize the militia to tackle difficult scientific and technological problems and to participate in on-the-job training, and to encourage them to study technology and to master the skills for their production posts.

In referring to the role of the militia as a shock force and to its undertaking urgent, difficult, dangerous, and heavy tasks on its own initiative, Han Shilian said: The People's Armed Forces Departments at all levels should pay attention to displaying the superiority of militiamen who are well-organized, young, and vigorous, and have the power to undertake shock work, and should lead them to fight in the vanguard, to undertake heavy burdens, and to tackle difficult problems in developing township enterprises, fulfilling shock work in plants and mining operations, building key construction projects, dealing with emergencies and sending relief. During the Eighth Five-Year Plan period, our province will build some large-scale key projects. The People's Armed Forces Departments at all levels should participate in work on their own initiative and jointly build these projects under the leadership of the local party committees and governments.

In order to create a good environment for economic construction and to comprehensively improve social security, Han Shilian held that strengthening the building of militia detachments to deal with emergencies, actively coordinating with public security departments to go on patrol, to safeguard plants and roads, to protect key targets, and to deal blows to all sorts of law and discipline violation activities are the important tasks of militiamen. Meanwhile, they should also propose spiritual civilization and make new contributions to changing the general mood of society and maintaining stability in Hebei.

Hohhot Official Addresses Army-Civilian Meeting

SK3105134491 Hohhot Inner Mongolia People's Radio Network in Mandarin 1000 GMT 30 May 91

[Excerpts] Zhang Dinghua, deputy secretary of the autonomous regional party committee and chairman of the autonomous regional commission in charge of the work of supporting the Army and giving preferential treatment to servicemen's families as well as of supporting the government and cherishing the people, delivered a speech at the work conference in this regard on 30 May. He stressed in his speech that from the high plane of the region's strategic position and of the country's long-lasting peace and order, a good job should be realistically done in conducting the work of supporting the army and giving preferential treatment to servicemen's families as well as of supporting the government and cherishing the people.

In his speech, Zhang Dinghua stated that the strategic position of our region is very important because it is of the regional autonomy of minority nationalities and the

north gate of the motherland. Successfully conducting the work of supporting the Army and giving preferential treatment to servicemen's families as well as of supporting the government and cherishing the people to enhance the unity between the Army and the government and between the Army and the people has an important significance not only on the unity and construction of the autonomous region but also on stabilizing the country's whole situation, safeguarding the motherland's unification, and ensuring the smooth progress in the country's program of building the socialist modernization. Over the past long period, the people of various nationalities across the region have regarded the People's Liberation Army [PLA] as our beloved ones and the broad masses of officers and soldiers stationed in the region have regarded their stationed areas as their native places and the local people as their elders. The Army and people who are on very intimate terms with each other have made indelible contributions to the economic and social development of our region. Particularly since the Third Plenary Session of the 11th CPC Central Committee, all achievements scored by the region in building the two civilizations have revealed the tremendous power of the unity fostered by the Army and the people and reflected the role played by the armed police forces and the PLA in resolutely ensuring the region's safety.

In referring to the future work in this regard, Zhang Dinghua stressed in his speech that by proceeding from the reality of the PLA units, it is very important for us to do practical deeds for the PLA units and to help them solve their practical problems. At present, party committees and governments at all levels should grasp the work in this regard by regarding it as a social undertaking. The departments of labor, personnel, and financial affairs at all levels should realistically do good and practical deeds for the PLA units and help them overcome their difficulties and solve their practical problems in a down-to-earth manner. Governments at all levels should truly become rear-service units for the PLA units, adopt every possible way and means to successfully make arrangements for the retired officers and soldiers and for the military cadres who have retired or been on their convalescence leave, and bring into better play the active role of the retired officers and soldiers and of these military cadres in conducting local economic construction.

In his speech, Zhang Dinghua urged the leading personnel of party committees and governments at all levels to take personal charge of taking up or handling the important problems cropping up in the work. Units at or above the county-banner level should establish the leading commission of the work in this regard; establish or improve the law, rules and regulations, and systems so as to legalize, systematize, and regularize the work; and should strive to foster more model cities and counties outstanding in the work as well as more collectives and individuals advanced in this regard and to improve the work to a new level.

Also addressing today's work conference were Fan Baojun, Vice Minister of Civil Affairs; Yu Yongbo, deputy director of the General Political Department under the PLA; and Zhang Gong, political commissar of the Beijing Military Region.

Also attending today's work conference were Dai Xuejiang, political commissar of the Shenyang Military Region; (Zhang Shuquan), director of the mass work department under the PLA General Political Department; (Jiang Junxiang), deputy director of the political department under the Nanjing Military Region; and the leading personnel of the autonomous regional party, government, and army organs, including Wang Qun, Yang Enbo, Zhao Zhihong, and Zhaorigetu.

Military Terminology Lexicon Passes Appraisal

OW0206140891 Beijing XINHUA Domestic Service in Chinese 0709 GMT 31 May 91

[Text] Beijing, 31 May (XINHUA)—The first large-sized comprehensive theme-word vocabulary of our armed services, the "Military-Used Theme-Word Vocabulary" [jun yong zhu ti ci biao 6511 3938 0031 7344 6101 5903], which was an important research subject for the social sciences during the Seventh Five-Year Plan, was appraised and accepted today.

The vocabulary has been approved by the Central Military Commission, and will be issued for use throughout the services in the name of the General Staff, the General Political and General Logistics Departments. It is a dictionary of standardized military terminology for use in the services to index and retrieve materials in official documents, libraries, archives and intelligence data. It has a collection of over 50,000 theme words, and the contents deal with military theory and military technology, the two main areas of military science, as well as knowledge in 87 disciplines, specialities and branches. The project took nearly 4 years to complete.

The Technology Appraisal Committee held that the "Military-Used Theme-Word Vocabulary" is a high-quality vocabulary that has attained an advanced international standard, and is scientific, practical and innovative.

The compilation of this vocabulary provides the foundation for the automation of command and administration in our armed services, and is of great significance in military strategy.

Economic & Agricultural

Li Peng Outlines China's Economic Reform

OW0606155791 Beijing XINHUA in English 1536 GMT 6 Jun 91

[Text] Beijing, June 6 (XINHUA)—China's economic reform is oriented on the whole towards the establishment of a mechanism combining a planned economy with market regulation. Chinese Premier Li Peng said here this afternoon.

Such a mechanism, either in light of planning or marketing, entails a rational price system, Li said in his meeting with Kisaburo Keura, president of the Japan-China Investment Promotion Organization.

Li said that the price reform should be carried out with an essential equilibrium between the nation's overall supply and demand.

He added that prices need a timely and necessary readjustment in the wake of changing relations between supply and demand in order to make them more rational.

Li told the guest that China's economy is developing very well and in a satisfactory direction. But some problems still remain to be solved, such as low economic efficiency of enterprises, he said.

Li stressed that the increase in the efficiency of enterprises should firstly rely on reform, effectively applying a competition system, and secondly on the improvement of management within enterprises, while creating favorable conditions outside.

Li said that in next few years, one important task is to transform old enterprises with new technology and equipment. In this field, he said, China welcomes cooperation from Japanese industrialists and businessmen.

Keura presented Li with a letter from former Japanese Prime Minister Noboru Takeshita at the beginning of the meeting.

Li expressed his gratitude for Takeshita's warm greetings stated in his letter and asked Keura to convey his greetings to Takeshita and other Japanese friends.

CPC Leaders Stress Economic Stability, Unity

HK0606110791 Hong Kong WEN WEI PO
in Chinese 5 Jun 91 p 2

[Report by staff reporter Chen Chien Ping (7115 1696 1627): "CPC Leaders Recently Stress Stability, Unity Needed for Economic Development"]

[Text] Beijing, 4 Jun—A few days ago a CPC leader once again stressed: We must keep a firm and effective grip on the work of maintaining stability. The next seven years, he said, will be very pivotal in the process of China's socialist modernization. It is a very glorious task to achieve the second-step strategic goal put forward by Deng Xiaoping, by the end of the 20th century, enabling China's economic construction to scale a new height. Attaining this goal calls for a political situation of stability and unity. Therefore, we should frequently chant the "stability scripture."

He also held that the relations between stability and unity on the one hand and economic construction on the other are dialectical. Without stability and unity, economic development would be out of the question; while economic growth will promote stability and unity.

He said: "Only when we have great financial strength can we speak with assurance; if we lack financial strength, nobody will take heed of what we have said. If China really becomes powerful economically, we should not seek hegemony in the world. If you have little financial strength, however, you are likely to be bullied by other countries. This is a matter of course of which all party members must have a clear understanding."

Obviously it is of practical significance that the leader stressed the need to chant "stability scripture" under present situation.

Another CPC leader also made a speech recently. He said: Many problems concerning, for example, deepened reform, further economic development, and so on, are to crop up in the next 10 years. All these problems must be resolved in this period rather than in the next century. Since introducing reform and open policies, we have done many things. We must continue to do those things that are correct no matter who decided on them; while we must correct mistakes. A good practice that we have begun since the Third Plenary Session of the 13th CPC Central Committee is that we uphold what is right, a way of seeking truth from facts. In appointing cadres, we must get rid of factionalism.

The above remarks carry profound implications if we connect them with the recent reappointment of Hu Qili, Rui Xingwen, and Yan Mingfu.

RENMIN RIBAO on 'Quadrupling' GNP

HK0106072391 Beijing RENMIN RIBAO
in Chinese 21 May 91 p 2

[Report by Mo Xinyuan (5459 2450 0337): "Quadrupling: A Great, Attainable Target—Interview With Lin Zhaomu, Deputy Director of State Planning Commission Economic Research Center"]

[Text] Editor's note: The "Outline of the PRC's 10-Year Program and Eighth Five-Year Plan for National Economic and Social Development," which was passed by the Fourth Session of the Seventh National Party Congress, depicts the development blueprint for the coming decade. Starting today, this newspaper opens up a special column, "Heading for 2000," and will continuously publish a series of special interviews and commentaries on the main objectives and tasks of the 10-Year Program. [end editor's notes]

We have realized the first objective of "doubling the 1980 GNP" and have entered the historical process of realizing the second objective of "doubling." What does "quadrupling" mean? How should we realize the second objective of "doubling"? With these problems in mind, this reporter interviewed Lin Zhaomu, director of the State Planning Commission Economic Research Center.

[Mo Xinyuan] How should we grasp the overall significance of "quadrupling"?

[Lin Zhaomu] The struggle objective, including "quadrupling," was forwarded in accordance with the overall strategic plan to be realized in three stages of China's socialist modernization drive. With respect to the objective of socialist construction, we have raised various diverse slogans. In 1958, for example, we raised the slogan of overtaking Britain and the United States in a short time, which reflected the serious idea of being impatient for quick successes at that time. Later, there were also different formulations on the timing of realizing the four modernizations. It was not until the 1980's that Comrade Deng Xiaoping summed up domestic and international experiences and, in light of China's basic conditions, forwarded the strategic plan of taking three steps. In the first step, by 1990, we should have doubled the 1980 GNP and solved the problem of dressing warmly and eating one's fill. This first step has basically been achieved. In the second step, by the end of this century, we will have quadrupled the 1980 GNP, bringing the people's livelihood to a comparatively well-off level. In the third step, by the middle of the next century, the per-capita GNP will have reached the level of countries with intermediate development, the people's livelihood will have become quite well-off, and the modernization will have been fundamentally realized.

The strategic plan proposed to be carried out in three steps will enable us to comprehensively and strategically realize that it is not easy to achieve modernization and thus prevent the error of being impatient to seek quick successes. In addition, this will also strengthen our confidence. Calculating from 1949, in 100 years we will complete the course completed by Western countries in 200-300 years.

[Mo] "Quadrupling" is, first of all, a numerical concept. What is its realistic basis? What is its practical significance?

[Lin] In 1980, China's GNP reached 477 billion yuan. By 1990, the GNP will have reached 1049.2 billion yuan (calculated in terms of constant prices in 1980), up 134.7 percent, more than doubling itself. Thus, in the coming decade, provided we again increase by 70.4 percent on this basis, we will be able to realize the objective of quadrupling the 1980 GNP. We all know that, from 1981 to 1990, China's GNP increased by 9 percent every year on average. The "Outline" of the 10-Year Program and the Eighth Five-Year Program demands that, in the coming decade, there be an annual average increase of 6 percent. This takes into consideration not only the demands of "quadrupling" but also the fact that we should leave some margin in long-term planning. This is realistic and attainable through our efforts.

Viewed from the history of other countries, solving the problem of food and clothing is an important phase of development, while the process of going from having ample food and clothing to living a comparatively well-off life is an even more important development phase. Now, we have basically solved the problem of feeding over 1.1 billion people and keeping them warm. This is an extraordinary feat. According to a foreign newspaper

commentary, for several centuries, all Chinese Governments of the previous dynasties had not solved the problem of feeding several hundred million Chinese people, whereas, under CPC leadership, this problem has been solved. This is a historical accomplishment. The objective for the coming decade is to bring the people's livelihood to a comparatively well-off level. If we can truly achieve the well-structured and highly efficient growth speed of 6 percent, the life of the masses will markedly improve by 2000.

[Mo] In the early 1980's, we did set the demand to bring the per capita GNP to \$800-1,000 by 2000. As a result of fluctuations in foreign exchange rates, do you think this demand can still be realized?

[Lin] That this proposal was forwarded at that time was to comprehensively reflect the comparatively well-off state and to facilitate comparison on the international level. If calculated in accordance with invariable pricing in 1980 and the foreign exchange rate between renminbi and U.S. dollars, China's per capita GNP was about \$300 in 1980 and will be \$938 by 2000 (taking the population at that time as 1.28 billion). An explanatory note must be added here on how to view fluctuations in the foreign exchange rate. Since 1980, the foreign exchange rate between the renminbi and the U.S. dollar has decreased from 1.49:1 to the present 5.31:1. Looking only at this point, we can see that the per capita GNP calculated in U.S. dollars has been decreasing, rather than increasing. Obviously, this contradicts the real situation.

Comparing the international consumption levels, we must take into account the pricing levels between various countries and the fluctuations in their foreign exchange rates. Not long ago, one U.S. newspaper published an article that said: "Statistics in the most recent years show that Japan's per capita income exceeds that of the United States, but this is mainly due to the depreciation of the U.S. dollar and fluctuations in its foreign exchange rates since 1985, which leads to changes in statistical figures." "If we consider the consumption levels of Japan and the United States, Japan's per capita income is actually one-third that of the United States." From this, we see that fluctuations in foreign exchange rates fail to reflect the actual changes in production levels and living standards. Taking into consideration the actual consumption levels of urban and rural residents, we can see that it is much higher in China than in foreign countries with the same income.

[Mo] When you talked about the growth rate as being at 6 percent, you added the attributes of "well-structured" and "highly efficient." Are the two attributes necessary conditions?

[Lin] You may say so. Historically speaking, our problem stems from the blind pursuit of high speed, which results in immense fluctuations. The difficulty of economic development in the coming decade mainly lies in structural optimization and efficiency enhancement, rather than in speed. In the coming decade, China's

economy is in an important transitional period. The first transition is from low- to medium-level income. This will bring conspicuous changes in the consumption structure. The consumption of urban and rural residents calls for not only quantity expansion but also diversification and quality improvement. Therefore, there needs to be adjustment and optimization in production structure and quality enhancement. The second transition is from extensive speed-oriented type to intensive efficiency-oriented type. A serious problem in China's economic development is low input and output in production coupled with a relative shortfall in resources. If we cannot achieve conspicuous progress in improving economic results, resources wastage will continue to grow with production increases, which will lead to even greater difficulties in the process of achieving our development objective. Our objective is stupendous and feasible and our task is formidable. With the precious experience of having achieved the first step of our strategic objective, "quadrupling" can surely be realized.

'Special Article' on Current Structural Reform

HK0106065591 Hong Kong WEN WEI PO in Chinese
20 May 91 p 3

[“Special article” by staff reporter Chung Wen-yi (6945 5113 0001): “Objective of Establishing New Structure Are Defined—Reform Faces Structural Renovation (part two of two)"]

[Text] Certainly, structural renovation is not only the lateral expansion but also the in-depth advance of reform.

The previous approach of “carrying out reform bit by bit” and “suited the remedy to the case” could not achieve the objective of changing the economic operational mechanism, but future reform must press ahead with a well-conceived plan, sufficient demonstrations, and overall coordination.

A short time ago, the “10-Year Program for National Economic and Social Development” and the “Outline of the Eighth Five-Year Plan” adopted by the National People’s Congress, the CPC Central Committee proposals, and Premier Li Peng’s report, show that China is determined to “increase the contents of reform” along the lines of the new reform idea.

“Outline” Sketches Reform Strategy

The reform strategy sketched in the “Outline” is: “Strive to initially establish, through a decade of hard work, a new economic structure and operational mechanism which suit the development of the socialist planned commodity economy and which integrate planned economy with market regulation,” and call for “pressing ahead all aspects of economic structural reform in an active, steady, and coordinated way.”

The concrete objectives of establishing a new structure have also been defined. For instance, in enterprise reform it is necessary to establish a state enterprise

management structure, an operational mechanism, and a self-restraint mechanism, which are full of vitality and efficiency; in price reform it is necessary to establish a pricing mechanism and a price management system under which the prices of a few important commodities and labor services are controlled by the state, and the prices of other ordinary commodities and labor services are regulated by markets, and so on and so forth.

The new idea of reform has been deliberated for years in economic theoretical circles and is taking shape. The consensus of academics has been embodied in top-level policy decisions and the national will. For instance, the key to setting up the basic framework of a new structure is to institute a set of fundamental systems, under which the major economic fields are organically linked and have some stability. They include enterprise management systems, prices, finance and taxes, banking, social protection, and planning. The future direction of reform as designed in the “Outline” is mainly based on this concept.

Controversy Over Transitional Strategy for New Structure

At present, the debate in the economic theoretical circles is mainly focused on the tactics of how to make a transition to a new structure. Some academics favor starting with the straightening out of the relationship of property rights and conducting a reform experiment in expanding the shareholding system. Others propose losing no time in carrying out price reform to get out of the mire of the “double track system.” Others hold that it is advisable to choose a plan which pushes forward price, finance, tax, and banking reforms in a coordinated way. Nevertheless, a phenomenon of “moving toward unanimity” among various views and opinions, which infiltrate and supplement one another, begins to emerge in the course of debate. This indicates that a principal idea on reform tactics is gradually taking shape.

The maturity of reform theory provides a prerequisite for outpacing the earlier reform practice, and the past reforms also prove that the change of reform tactics is an inexorable trend. They mark the in-depth advance of reform, and the achievements of past reforms are precisely the starting point and precondition of in-depth reform.

To deepen rural reform, it is necessary, on the basis of stabilizing and improving the contracted household responsibility system with remuneration linked to output, to develop diversified forms of the socialized service system, and establish a new type of rural cooperative economic organization. To deepen enterprise reform, it is necessary, on the basis of the contracted management system, to gradually practise “separating tax from profit, repaying loans after tax, and contracting after tax.” To deepen price reform, it is necessary, on the basis of relaxing controls over prices, to abolish the “double track system” by incorporating the tracks and reducing price differences.

After a decade of unremitting efforts on reform, the factors of the new structure have been active in every field of

China's economy. These factors will become the "yeast" and "growing points" for future structural renovation.

New Foreign Trade Structure Has Begun Operations

In China today, an upsurge of reform has once again been set off. After the endeavor of two years and more, another stage of achievements have been made in improving the economic environment and rectifying the economic order. On the one hand, this has created a rare, relaxed economic environment for deepening reform and, on the other hand, the difficult problems, such as the readjustments of economic structure faced by the economic improvement and rectification as it goes deeper, need to be settled by deepening reform and removing structural defects. To maintain the stable, sustained, coordinated, and highly efficient development of the Chinese economy in the 1990's; change the practice of high resources consumption in exchange for economic quantitative expansion; and improve the overall quality of national economy, we also need a structural effect in the form of optimum resource allocation.

Reform is gathering pace: The new structure in foreign trade has gone into operation; the measures for regulatory prices of energy, transportation, and grains have been put into practice; stock exchanges have successively been opened in Shanghai and Shenzhen; the plan to invigorate large and medium state enterprises has come into effect; and the drafting of the basic laws and regulations on planning, corporation, pricing to stop improper competitions is precisely aimed at building the future legal framework for the new structure....

China's reform faces structural renovation. The goal of establishing a new structure in the 1990's has been defined. The realization of this goal will lay a solid foundation in structure for economic development in the coming decade and even in the next century, and compose a brilliant new movement for the "symphony of the Chinese national rejuvenation in the 20th Century."

Reform of Property Rights Management System

HK0106080991 Beijing JINGJI RIBAO in Chinese
4 May 91 p 3

[Article by Liu Wansheng (0491 8001 3932): "Further Improve Management System of Property Rights Under Public Ownership"]

[Text] Property rights is a legal expression of property ownership and other rights arising therefrom in market transactions. The property rights operation mechanism refers to the regulations for the formation, delimitation, operation, and transfer of property rights under a particular property rights system. There are two situations in the formation of property rights. First, property relations are already clarified before property is put into operation. Second, property relations are clarified through the delimitation of property rights after property has gained the ability of production. The clarified property rights relations have corresponding relations in economic rectification. Our country's current indistinct property

rights relations can be clarified only through the delimitation of property rights. A clear property rights structure is the basis of the operation of property rights, and the property rights market and its media are the conditions for the operation. Commodity exchange relations are relations of property rights transfer if viewed from an angle of property rights. The transfer of property rights is the last link in the property rights operation, and every cycle of the operation of property rights is aimed at optimizing social resources and increasing the utility rate of the limited resources.

The property rights system under public ownership in our country was established under the specific historical conditions after the founding of New China. All property rights belonged to the state. In those years, this was entirely in conformity with the demands of socioeconomic development. However, as there was not a definite property rights structure under the public ownership and a responsibility system in the management of the state-owned property, and the property rights exchange market was still undeveloped, no one would assume responsibility for the management of state-owned property, which belonged to everybody. Property rights relations thus became more and more indistinct and the possession of property became more and more abstract. No one had a clear idea about property rights. Owing to this weak basis and confused management, there was a serious loss of state-owned property. Many enterprises did not provide frequent, accurate statistics on the gross amount, value, and net amount of their property. There were many loopholes in their accounts. For example, they did not add their new property to the accounts and did not cross out the lost or abandoned property. As a result, their accounts could not reflect the real situation. Owing to the low efficiency in the operation of the state-owned property, many areas took administrative measures to interfere in the enterprises' decision-making power in the purchase and sale of their property in order to deal with the economic situation characterized by a weak market, disregarding the regulations for property rights operation. This seriously affected the readjustment of the product mix and resulted in increasing market barriers. The debt problems between enterprises and banks could not be well resolved, and the credit system originally established on the basis of the property rights system was unable to play its guarantee role. As no one would assume responsibility for state-owned property, serious waste and losses were incurred, and there was no system to ensure an increase in value. As there was no clear division of work among various economic management departments, the cost of property rights exchange was increased, making it very difficult to optimize the allocation of the limited resources. On the other hand, many enterprises did not have enough funds to purchase the raw materials they urgently needed. All these facts show that it is necessary and imperative to improve the system of property rights under public ownership.

Fundamentally speaking, the reform and improvement of China's property rights system is a course of renewing the system. First of all, the reform must be conducive to consolidating the material basis of the socialist public

ownership and protecting state-owned property. Second, it must be conducive to the accumulation of wealth under public ownership and the increase in the value of property to the greatest possible extent so as to continuously enhance the momentum for China's economic development. Third, it must be conducive to increasing the efficiency of property rights operations. Fourth, during the reform, it is necessary to establish a restraining mechanism and enable enterprises to become the commodity producers and managers that carry out independent accounting, assume sole responsibility for their profits and losses, and are capable of developing themselves. It is necessary to give full play to the creativity and initiative of entrepreneurs and to make clear the position of plant directors (or managers) in the enterprises. It is necessary to enhance the workers' sense of democratic management.

To improve the system of property rights under public ownership, it is necessary to suit the economic structure to the reform of the property rights operating mechanism. First, it is necessary to reform the financial structure. The returns obtained from state-owned property should belong to the state-owned property management bureau, but a prerequisite for separating the functions of financial departments is to reform the tax collecting system and adopt the method of separating taxes and profits. The purpose of reforming the investment structure is to reduce waste in investment. Second, it is necessary to establish a perfect social insurance system to protect unemployed workers. Third, it is necessary to recognize corporations' proprietary rights and separate enterprises from government administration.

The property rights system reflects the ownership relations in economic life. It provides regulations on the ownership, use, allocation, and control of property. A perfect property rights system is conducive to clarifying and stabilizing relations between the state and enterprises with respect to their responsibilities, rights, and interests. This system also provides regulations on various interest relations in economic activities. Benefits are the encouragement mechanism and motive force for the development of enterprises under a commodity economy. This is also the case under a socialist commodity economy. Therefore, the key to strengthening management of state-owned property and increasing their operating returns lies in the establishment of an encouragement and balance mechanism with the public ownership of property rights as the main body. The purpose of perfecting the system of property rights under public ownership is to realize the separation of rights and functions at three levels: macroeconomic, microeconomic, and intermediate economic. At the microeconomic level, it is necessary to delimit property rights, to clarify the range of property rights, and to separate the ownership of property rights from their management power. At the macroeconomic level, the state-owned property management bureau, which acts as the representative of owners of the state-owned property, will separate the state's economic regulation and control

function from the management function of the owners. With the owner of the personified state-owned property as the main body, the managers are enabled to show concern for and carry out management of the state-owned property as the owners and to ensure that the property can preserve and increase its value. At the intermediate economic level, several medium organizations will be set up to conduct the management of state-owned property. The supervisory function and the function of operating as the owner representative will be separated, and the functions of various departments in charge of enterprise work will be reconsidered.

The course of perfecting the system of property rights under public ownership while further carrying out economic improvement and rectification is, in reality, a course of gradually strengthening management of state-owned property. At present, the contract system is being adopted by state-owned enterprises. This is a system concerning only enterprises' operating mechanism, which is at a different level from that of the property rights system reform. Judging from their interrelations, the enterprise operating mechanism is based on a particular property rights system. Without reforming the property rights system, it will be difficult to fundamentally change enterprises' operating mechanism. The contract system cannot help change enterprises from subsidiary government bodies to independent commodity producers and managers. The idea of separating property ownership from property management can become only a theoretical exploration. At present, to reduce the short-term actions of enterprises under contract, it is necessary to implement the system of "license for contracted management of state-owned property" and have the targets for preserving and increasing the value of the state-owned property included in the contract terms, so that the contractors' operations can be normalized by the property rights mechanism.

To perfect the system of property rights under public ownership means to establish a binding system that has direct economic responsibilities for preserving and increasing the value of state-owned property. In our country, as the management of state-owned property is in only the initial stage and there is no precedent by which to proceed, at present we can do only some basic work under the current system of managing property rights at the macroeconomic, microeconomic, and intermediate economic levels.

First, it is necessary to establish and perfect a nationwide, state-owned, property management system; train cadres; and do a good job in propaganda and education. Second, it is necessary to conscientiously check the existing assets and accounts so we can know clearly what property we actually have. It is necessary to delimit property rights, appraise assets, and verify the amount of funds in use. Third, it is necessary to strengthen property rights management, improve property rights relations, start the market, enliven enterprises, and establish a definite main body of the personified state-owned property. It is necessary to implement the corporation

system. The exchange of property rights should be made under socialist public ownership.

Economic Consequences of Greenhouse Effect Studied

*HK0506062091 Beijing CHINA DAILY
in English 5 Jun 91 p 5*

[By Xiao Zhou]

[Text] Typhoons, drought, reduced grain production, flooding of farm land, damaged houses and roads—this scenario in China if the green-house effect continues unchecked. [sentence as published]

The State Environmental Protection Bureau (SEPB) reported that the temperature in most parts of China had been increasing in the past 40 years, although it had tended to decline in a few southern areas, reflecting the overall pattern in the Northern Hemisphere.

Scientists said the 1980's was the warmest decade in China in the past 100 years. As a result of the greenhouse effect, Chinese scientists forecast natural disasters and great damage to agricultural production.

Although the warmer climate might heat up the cold plains and increase grain production in North and Northeast China, the greenhouse effect will worsen the drought situation, the main natural disaster influencing agriculture.

In spring, weather will dry up land in North China, the middle and northern Yellow Plateau, southeast Inner Mongolia and west of the northeast plain, increasing the drought situation there by 5 percent. Sichuan, Yunnan and North Hubei provinces will also be hit by drought.

In summers, droughts will set back rice, cotton, corn and peanut output by 20 percent in Hunan, south Hubei, Jiangxi, south Anhui and west Zhejiang provinces, also in the fall, drought will cut grain production in central China by at least 20 percent.

The greenhouse effect will not only dry up vast land areas, but also bring torrential rains to coastal areas. More and stronger typhoons will strike in summer when warmer weather creates more hot low pressure over the mainland. Researchers anticipate 1.7 million acres will be affected and half of agricultural output washed away.

The warmer climate might also push the tropical and subtropical fruit zone 50 to 100 kilometres northward, and cool fruit zone, such as the apple, 70 to 150 kilometres north. Researchers also predict increasing pest damage in grain fields.

The SEPB report said climatic change will weaken weather-reliant agricultural production ability by at least 5 percent.

The greenhouse effect is also likely to influence the forestry industry. Scientists anticipated that with warmer weather, China's fir, mason pine and Yunnan pine, South China's major timber resources, will die off on a large scale.

Destruction

China has the world's third largest area of permafrost soil after Canada and the Soviet Union. It is distributed over Tibet, Qinghai, Xinjiang and Inner Mongolia, and represents 18 percent of the nation's territory. If the temperature rises two degrees Centigrade for more than 10 years, half China's permafrost soil will melt, with drastic results.

Landslides will damage highways, railroads and buildings and some plateau areas will become deserts.

The rising sea level brought about by the greenhouse effect might have even more destructive results. The coastal areas are China's most prosperous zone and have major food bases. The rising sea level will inundate much of the Yangtze and Yellow river deltas and half, or 3,500 square kilometres, of the Zhujiang River Delta in Guangdong Province.

Tens of billions of grain producing land [as published] will be lost and salt factories and aquatic breeding plants would be destroyed. The inland seawater will also greatly affect housing, transportation, soil salinization, as well as the overall ecological environment.

To save China and help the world escape these imminent disasters, methods to make full use of energy and reduce pollution should be devised and put into practice immediately. Coal burning, which is inefficient and highly polluting, makes up 76 percent of China's present energy sources.

Agricultural Mechanization Steadily Develops

*OW0106062491 Beijing XINHUA in English
0513 GMT 1 Jun 91*

[Text] Beijing, June 1 (XINHUA)—Mechanization in agriculture has developed steadily in China in the past few years, and about 40 percent of farm-work is now being done by machines.

This was reported in today's overseas edition of "PEOPLE'S DAILY", which attributes the development to the on-going reform.

By the end of 1990, according to the paper, the country's total mechanical power in its agricultural sector reached 287 million kw, 78 million kw more than that in 1985.

Chinese farmers currently employ 6,981,000 small tractors, 813,000 large and medium-sized tractors, 7,460,000 medium and large tractor-drawn farm tools, 624,000 heavy-load farm trucks, and irrigation machines with a total capacity of 71,290,000 kw.

The country has as well made remarkable progress in mechanizing forestry, animal husbandry and fishing.

The paper said that thanks to mechanization, 86 million people, or 20 percent of its huge farm labor-force, have moved to other industries. As a result, the percentage of labor involved in crop farming has been reduced from the previous 80 percent to the present 70 percent.

Furthermore, the increased use of farm machines has enhanced work efficiency and the ability to fight against natural calamities.

In 1990, the area irrigated by motor and electric pumps accounted for 57.3 percent of the country's total irrigated area.

East Region**Li Zemin Attends Zhejiang Provincial Meeting**

OW0506104991 Hangzhou Zhejiang People's Radio Network in Mandarin 0900 GMT 4 Jun 91

[By station reporters (Xu Yingjie) and (Yu Chuyang)]

[Text] The Zhejiang provincial work meeting on supporting the army and giving preferential treatment to families of revolutionary armymen and martyrs and on supporting the government and cherishing the people [two supports] opened in Hangzhou today.

The purposes of the meeting are to sum up experiences, commend the advanced collectives and individuals, study and draw up a plan for the work to be done in the future, consolidate and expand the relations between the army and the government and between the army and the people in this year, and strive to promote the work of two supports to a new level. Liu Feng, deputy secretary of the provincial party committee and head of the provincial leading group for two supports, presided over the meeting.

Vice Governor Chai Songyue delivered a work report on supporting the army and giving preferential treatment to the families of revolutionary armymen and martyrs. The report summed up the new achievements and experiences gained by the province in carrying out the work of supporting the army and giving preferential treatment to the families of revolutionary armymen and martyrs since 1987 and drew up a plan for the work to be done in the future. Chai Songyue said: It is necessary for us to stress the work of supporting the army and giving preferential treatment to the families of revolutionary armymen and martyrs in the province on meeting the overall requirement of standing together through thick and thin, sharing the same fate, and having the hearts of all the people linked to each other; always persisting in carrying out the guiding principle of unity and consultation under the guidance of the party's basic line; and making contributions to promoting the party's central task, economic construction, and buildup of national defense in a better way.

Xu Yongqing, standing committee member of the provincial party committee, political commissar of the provincial Military District, and deputy head of the provincial leading group for two supports, delivered a work report on supporting the government and cherishing the people. Li Jinai, deputy director of the General Political Department of the People's Liberation Army, also made an inspiring speech.

Also present at today's meeting were Guo Xizhang, deputy commander of the Nanjing Military Region; Li Zemin, Liu Yifu, Wang Yumin, Qiu Qinghua, and other party and government leaders of Zhejiang Province; Wei Boliang, Lu Kuangheng, (Xu Pengyue), (Zhao Taidong), (Cha Li), and other leaders of every big unit of the Army, Navy, and Air Force stationed in Zhejiang Province; and responsible persons of the units at and above the division level stationed in

Zhejiang Province, the provincial People's Armed Police Corps, the provincial fire fighting brigade, and the provincial Frontier Defense Headquarters.

Li Zemin Attends Consultative Body Inauguration

OW0406110891 Hangzhou Zhejiang People's Radio Network in Mandarin 0900 GMT 3 Jun 91

[Text] The provincial people's government today announced the official establishment of the consultative commission on economic construction. Li Zemin, secretary of the Zhejiang Provincial CPC Committee; Governor Ge Hongsheng and Vice Governor Chai Songyue attended the inauguration and greeted the establishment of the commission. The commission is composed of approximately 50 veteran comrades who, with rich experience in leading the economic work, retired from their leading posts, and of experts from various trades and professions, and of professors from different disciplines. The consultative commission of the provincial government, as a consultative organ, will be involved in major decisionmaking in economic construction. Its major tasks include carrying out consultative services and verification for the strategies to develop our province's national economy as well as for related principles, policies, and major issues. It will also carry out consultative services and verification for the province's medium- and long-term plans for economic, technological, and social development and for the province's five-year program. It will be involved in the consultation and verification of major construction items and will undertake other consultation and verification tasks entrusted by the provincial CPC committee and provincial government in the area of the economic construction. (Cai Shiwu) was made director of the consultative commission; and (Zhang Qi), (Ding Shixiang) and (Liu Xixian) deputy directors; Chen Xian, former vice minister of the State Planning Commission, and six other comrades, were asked to become advisers to the consultative commission.

Zhejiang Governor Urges Enterprise Reform

OW0406145191 Hangzhou ZHEJIANG RIBAO in Chinese 25 May 91 p 1, 4

[Text] The Zhejiang provincial conference on restructuring enterprises ended on 24 May. It pointed out that in order to achieve sustained, steady, and coordinated economic growth in Zhejiang, enterprises in the province must firmly implement the strategy of economic development—the strategy of "building a good foundation, reaching for a higher level, and achieving higher economic efficiency"—and place greater emphasis on reform, count on scientific and technological advancement, pay attention to quality, and speed up restructuring themselves.

Governor Ge Hongsheng made a report to the conference.

After fully acknowledging Zhejiang's economic success this year, he said: Poor economic efficiency and difficulties encountered in restructuring enterprises remain a conspicuous economic problem. This shows that we still

have not really changed our economic development strategy and that our economic structure is still defective. Some comrades, knowing that industrial production has picked up again and the market is improving, have become unrealistically optimistic. What they fail to see is the formidability and complexity of dealing with the more deep-rooted problems, such as achieving higher economic efficiency through restructuring our enterprises. Some comrades have been misled by higher growth, believing that they can get by with their traditional ways. These people lack the sense of urgency and responsibility of changing the strategy of economic development. In fact, some are still eager to pursue high production. They still fight for starting more redundant and obsolete projects. We must be fully aware of problems like this. We must continue to unify our understanding, display a higher spirit, and direct our efforts to improving economic efficiency, restructuring the economic system, upgrading technology, achieving better economic returns, changing the economic development strategy, and continuing to restructure our enterprises. While exercising leadership, we must stress the importance of quality and performance more and production growth less. When we judge the economic work of a locality or unit, we should not simply look at its production. More importantly, we should examine its economic structure, economic and technological levels, and economic performance. Of course, while we should count on readjustments and better technology to achieve higher economic returns and set up better organized enterprises, we should, by means of deepening reform, also readjust mechanisms governing the interests of various sectors and improve those measures governing the use of cadres and the evaluation of their performance.

After analyzing the economic situation, Ge Hongsheng went on to elaborate on certain priorities in Zhejiang's enterprise affairs and the restructuring of enterprises.

Regarding enterprise affairs, Ge Hongsheng said that the general requirements for Zhejiang are to continue implementing the general principle of carrying out economic readjustment and deepening reform and to give priority to reviving large and medium-sized enterprises and improving their economic efficiency. He said: Zhejiang should proceed with improving enterprises' external environment and tapping their potential, and speed up their pace of upgrading their technology, improving their management, and improving their marketing operation. This year, which is dedicated to improving product quality, increasing variety, and achieving higher economic efficiency, enterprises in Zhejiang should actively participate in these activities and strive to achieve a noticeable improvement in product quality and economic returns so that enterprises in Zhejiang, especially large and medium-sized enterprises, can operate with greater vitality.

Ge Hongsheng said: Large and medium-sized enterprises are important economic pillars and are the main source of revenues. Thus, reviving large and medium-sized enterprises is the most pressing economic task today and

an important project that the provincial party committee and the provincial people's government must make every effort to achieve. While provincial authorities must concentrate on improving the operation of large and medium-sized enterprises operated by provincial authorities and various ministries, all cities, prefectures, counties, trades, and professions should give the necessary financial and material support to some mainstay enterprises in accordance with their actual ability. Meanwhile, we should make efforts to deepen enterprise reform, placing special emphasis on establishing the type of mechanisms governing their autonomy, and on responsibility for profits and losses, self-control, and self-development. Giving them financial and material assistance is not as good as devising a good mechanism for them. While we must pay attention to studying the new situation, summing up new experiences and drawing up new measures, we must also establish our footing in implementing existing policies so that policies drawn up by central and provincial governments can be effectively implemented, and so that we can create a good environment for enterprises. Enterprises themselves must have a strong exploratory spirit. They should establish their footing in improving their own management. They should make genuine efforts to achieve changes in three areas: strategically, they should seek higher efficiency and not higher production; operationally, they should become production operators and not simply producers; and in terms of management, they should pay particular attention to upgrading their personnel's competency and arousing their initiative, and not pushing them to produce more material goods.

[Text] Based on these requirements, Ge Hongsheng said that enterprises must focus their attention on accomplishing the following five projects:

1. They should take an active part in improving quality, increasing variety, and achieving higher economic efficiency in 1991, a year dedicated to these purposes. Instead of simply calling on people to take part in these activities, all departments must firmly strengthen their leadership over this endeavor, draw up overall plans, pay special attention to the weak links, act on the main targets, and adopt effective measures so that the objectives set forth by the provincial government will be implemented from one level to another until they are carried out by each and every enterprise. Special attention must be directed to improving product quality, which is the main issue. Enterprises must be more conscious with product quality. They must intensify quality control and supervision so that they can achieve higher efficiency by integrating efforts of increasing varieties, increasing production of popular goods, lowering consumption of resources, and reducing production costs. They should not be lenient toward those enterprises which market counterfeit and shoddy goods. To make sure that quality is ensured at every level, these enterprises must be reported, consolidated, and punished accordingly. Meanwhile, they should make great

efforts to promote Zhejiang's famous, fine, special, and new products so as to build a good reputation for Zhejiang's goods.

2. They should make earnest efforts to improve their management. Better management is an important part of the new strategy of economic development. To improve management, enterprises must first be strict in enforcing managerial rules. Then they must attend to basic requirements. Priorities should now be given to spot supervision and supervision in all shifts. Continuous efforts should be made to "improve management, attain a higher grade, and make all-out efforts to improve quality."

3. Enterprises must strive to upgrade their technology. To achieve higher economic efficiency, enterprises must, in the final analysis, have the support of scientific and technological advancement, including workers' higher proficiency as well as scientific management. Our enterprises must strive to develop science and technology and expedite their technological innovation and consider such efforts essential for building a good foundation, attaining a higher level, achieving overall higher efficiency, and accomplishing the 10-Year Program and the Eighth Five-Year Plan. Today, some enterprises' technical renovation projects are hindered by two problems: First, their starting point is low. These enterprises are in fact rehashing outmoded technology; second, some enterprises are expanding production in the name of conducting technical renovation. Such conduct must be stopped. Technical renovations must be projects that can upgrade technology and promote the development and use of new products, new technologies, new industrial arts, and new materials. Enterprises must speed up their pace of purchasing technology and proceed with combining hardware and software by purchasing, assimilating, developing, and upgrading technologies at the same time. While purchasing advanced technology from abroad, they should focus on the needs of mainstay enterprises and foreign exchange earners, and purchase the types of equipment essential for the development of software technology. We should create, through upgrading and purchasing technology, a large number of mainstay enterprises in the province and in various cities and counties so that all trades and professions will have some pacesetters. They should intensify planning for technological upgrading of some trades and be determined to replace a great deal of outmoded equipment. This outmoded equipment, once replaced, shall not be resold to other enterprises or individuals lest it be reused and continue to cause waste. While renovating their technology, our enterprises should consider priorities so that their limited financial and material resources can be used most efficiently.

4. Enterprises must improve marketing operations. As the market becomes increasingly competitive, they must study and adopt new marketing strategies. They must seriously analyze consumers' needs and psychology, fully understand the market's characteristics and trends, and energetically promote the operating strategy represented by this formula: "market information—scientific and technological development—mass production—marketing." Enterprises should increase production of goods which enjoy brisk sales, limit

production of goods which enjoy ordinary sales, and stop producing unmarketable goods.

5. Enterprises must make earnest efforts to build stronger leading groups and workers' contingents. These leading groups should have the correct composition of leading members. More importantly, they must work in unity, produce a resultant force, and function as a whole. In some enterprises, relations between party committee members and administrative personnel are strained and their internal attrition of resources [nei hao 0355 5088] is quite substantial. We should resolve the problems of these enterprises on the basis of cadres' proficiency and enterprises' different situations. In some enterprises, party committee secretaries can also take up managerial responsibilities, and managers can perform the duties of party committee secretaries. Some enterprises can appoint even more competent personnel to become their principal leaders. As for workers' contingents, our enterprises should focus on educating and training them to heighten their political awareness and professional competency and upgrade their educational levels and their technical skills.

On enterprises' structural reform, Ge Hongsheng said: Deeper reform is essential for reinvigorating our enterprises, restructuring the economic system to achieve higher economic returns, and changing the economic development strategy to improve economic performance as a whole. The urgent task confronting us now is that we must place greater emphasis on reform on the basis of proceeding with economic readjustments and stabilizing economic development so that we can make new headway in restructuring our enterprises this year.

Ge Hongsheng expounded the work in four sectors:

1. The pace of reform has been expedited because people have become more reform-conscious. Economic readjustments in the past two years and more have effectively brought inflation under control, conspicuous success has been achieved in improving the economic order, and production is becoming more normal. The political and social situation, in particular, is stable; ideological and political work has been intensified; the party, following the Seventh Plenary Session of the 13th CPC Central Committee, has particularly underscored structural reform focusing on reviving enterprises' operation; and people have gained both positive and negative experiences about reform and openness. All this is helpful for deepening reform. This being the case, our reform should go even deeper, our measures can be even better, and our pace can be even faster. While we should work actively to achieve these goals, we should proceed steadily. We should proceed from reality, examine the situation, and consider the tolerance of the state, collectives, and individuals.

2. Our enterprises have become more lively owing to deeper reform. Reinvigorating the operation of enterprises, especially large and medium-sized enterprises, constitutes the central link of the work of restructuring the economic system. The general objective of restructuring our enterprises is to uphold the principle of

separating enterprises from government control and separating ownership from operating rights so that, under the guidance of the state plan and industrial policy, our enterprises can gear to market needs, operate independently, and gradually establish vigorous operating mechanisms of modern enterprises—mechanisms compatible with the planned commodity economy. As for this year's priority projects, we should continue to promote contractual operations in enterprises, define the responsibilities of factory directors and managers, define enterprises' economic responsibilities, and continue to streamline enterprises' organizational structure.

3. We will continue to improve macroscopic regulation and control and promote reform in all sectors. Enterprise reform requires the support of reforms in all sectors. Guided by the state's macroscopic policies, special efforts will be made this year to reform distribution, banking services, prices, the economic structure, and social insurance, focusing on reviving our enterprises.

4. We will draw up a plan for restructuring the economic system and carry out experiments at selected units. As far as Zhejiang is concerned, it will conduct the following experiments at selected areas. First of all, it will carry out housing reform. Based on the experiences it has gained from previous experiments as well as experiences of other provinces, it will organize its personnel to draw up a plan about housing reform. Secondly, it will conduct experiments about "separating taxes and profits, repaying loans after paying taxes, and setting contractual quotas after tax payments." Thirdly, it will draw up regulations, rules, and policies needed for experimenting with the lease of state-owned land so that Zhejiang can be opened wider to the outside world. Fourth, it will conduct experiments with the management of property owned by collective township enterprises. Fifth, the province will proceed with forming enterprise groups and experimenting with the stock and share system in primarily public owned enterprises in conjunction with the restructuring of the economic system.

Ge Hongsheng concluded his report by stressing the need to exercise stronger leadership over economic affairs.

Present at the conference were secretaries of various municipal and prefectural party committees, mayors, commissioners of administrative offices, county (city and district) magistrates, directors of economic and planning commissions, directors of offices in charge of restructuring the economic system, and responsible persons of relevant provincial departments, as well as directors, party committee secretaries, and managers of some large and medium-sized enterprises.

Zhejiang Adopts Legal System Resolution

OW0406140891 Hangzhou ZHEJIANG RIBAO
in Chinese 26 May 91 p 4

[Resolution of the Standing Committee of the Zhejiang People's Congress on Carrying out Comprehensive Popularization of and Education on Legal System

throughout the Province, adopted at the 22d Session of the Seventh Zhejiang People's Congress Standing Committee on 25 May]

[Text] The 22d Session of the Standing Committee of the Zhejiang Provincial People's Congress heard and examined the "Report on Our Province's First Five-Year Legal System Popularization Work and Opinions on the Second Five-Year Legal System Popularization Work" by Yu Guojiang, head of the provincial justice bureau, made on behalf of the provincial people's government. Participants in the meeting held that thanks to concerted efforts by all circles our province has scored marked results in the first five years of work on popularization of and education on the legal system. However, the work still fell far short of demands set for socialist legal system construction. Therefore, we must make an earnest summing-up of experiences, lose no time in drawing up and implementing the second five-year plan on popularization of and education on the legal system, and persist in long-term and untiring efforts in popularization and education work. We should vigorously promote work on handling things according to law in various trades and professions; create an excellent legal environment for reforms, opening to the outside world, and modernization construction; and bring about political stability, economic prosperity, and progress in all social sectors throughout the province. The following resolution is therefore specifically adopted to achieve that end.

1. In the second five-year plan on work on popularization of and education on the legal system, we should persist in making the constitution the center of our work, study the state's basic legal knowledge, study specialized laws and local laws of our province in a planned and step-by-step manner and, through a multilevel and subject-by-subject approach, the broad mass of cadres and the masses should, through the study of the constitution and law, further raise their awareness for the constitution; help guard the sanctity of the constitution; have the awareness for enforcing the constitution; unwaveringly persist in the Four Cardinal Principles; oppose bourgeois liberalization; guide various undertakings onto the framework of legal system; and ensure the stable political, economic, and social development of the state.

2. In popularizing and conducting education on the legal system, we should stress the main points. A good job must be done in education on the legal system among all levels of leading cadres, law enforcement personnel, personnel who popularize the legal system, and young people. Leading cadres at county level and above in particular should, more than anyone, set strict demands on themselves and take the lead in studying and mastering legal knowledge which is closely related to their jobs; study theories on socialist legal system and theories on the constitution; consciously apply and abide by law in actual work; establish the concept of ruling the state according to law and doing things according to law; raise the awareness and level for making decisions according to law, administering state affairs according to law, and managing things according to law; and set examples for

cadres and the masses. Higher institutes of learning, secondary and primary schools and other levels and kinds of schools should further improve and perfect the system for legal system education, offer mandatory courses for legal system education, teach students in accordance with their aptitude, make efforts to realize the systematization of the legal system education, and establish an excellent trend of observing discipline and abiding by the law among young people.

3. In carrying out the work of legal system education, we should, in accordance with the Document No. 20 (of 1990) of the CPC Central Committee and the State Council, "adhere to the principle of integrating theory with practice and of combining both studying and the application of law to further the pilot work on administering townships according to law, administering counties according to law, administering cities according to law, administering provinces, autonomous regions, and municipalities according to law, and administering various professions and trades according to law," and make sure that the work of administration according to law be placed on the agenda of all levels of leading cadres. Plans on administration according to law should be drawn up and implemented well. Resolute measures should be taken to rectify the phenomena of not following law, of not strictly enforcing law, and of not investigating violations of the law. The results of study of the law results should be reflected in handling things according to law. Doing things according to law should be made one of the criteria to evaluate the results of an individual's study of the law. We should guard against formalism and going through the motions when learning law.

4. The second five-year plan for law popularization and education work is a major social education project. This project must be carried out under the leadership and supervision of various levels of party committees and governments and in reliance on and mobilization of all social forces, and proceed in an organized and step-by-step manner. All organs, social organizations, enterprises, and institutions throughout the province should earnestly conduct legal system education among citizens who are in their departments and units and vigorously carry out management work according to law. Various levels of propaganda, justice, public security, culture, news departments, courts, procuratorates, and workers, youth, and women's groups should closely cooperate with each other; be responsible in their respective work; earnestly sum up and promote advanced experiences from the work of popularizing of and education on the legal system which was carried out in different areas, various trades and professions, and in different units; and make timely studies of and find solutions to existing problems. We should give play to the roles of such means of propaganda as newspapers, radio, television, as well as various cultural undertakings in urban and rural areas in popularizing legal system education. Finally, all levels of people's congress standing committees and presidiums of township and village-level people's congresses should also strengthen leadership and supervision over work on popularizing of and education on the legal system and promote administration according to law.

Cadre Shuffles In Zhejiang Province

OW2705100191 Hangzhou Zhejiang People's Radio Network in Mandarin 0900 GMT 25 May 91

[Text] The 22d session of the Seventh Zhejiang Provincial People's Congress Standing Committee closed today. Vice Chairman Wu Minda presided over the closing meeting. At a plenary meeting this afternoon, the session adopted, after deliberation, a resolution of the provincial people's congress standing committee on approving the final provincial accounts of 1990, a resolution of the provincial people's congress standing committee on carrying out a thorough legal education across the province, and the regulations of Zhejiang Province for secondary vocational and technical education.

The session adopted, by secret ballot, a proposal on some personnel appointments and removals and decided to remove (Xu Lixin) from the posts of deputy secretary general and general office director of the Zhejiang provincial people's congress standing committee; (Zhang Mingcai) from the post of deputy secretary general of the Zhejiang Provincial People's Congress Standing Committee; Cui Daren from the post of director of the Zhejiang Provincial Department of Machine-Building Industry; (Zhang Yaotang) from the post of director of the Zhejiang Provincial Rural Enterprise Department; and (Liu Yongxin) from the post of director of the Zhejiang Provincial People's Air Defense Office. It has decided to appoint (Gong Changhuai) as deputy secretary general of the Zhejiang Provincial People's Congress Standing Committee; (Ren Liying) as deputy director of the General Office of the Zhejiang Provincial People's Congress Standing Committee; (Jin Mingqing) as director of the Zhejiang Provincial Administration of Industry and Commerce; and (Li Zushan) as director of the Zhejiang Provincial Department of Machine-Building Industry.

By a show of hands, the session approved the appointments of (Zheng Hanqing) as vice chairman of the Nationalities and Overseas Chinese Affairs Committee of the Zhejiang Provincial People's Congress Standing Committee, and (Li Luxin) as chief procurator of the Hangzhou City People's Procuratorate. The session also adopted a namelist of some other personnel appointments and removals by a show of hands.

Chairman Chen Anyu and Vice Chairmen Wu Zhichuan, Li Yuhua, Wang Yumin, and Yang Bin attended the meeting. Chai Songyue and (Hu Tanqi) attended the meeting as nonvoting delegates.

Stockholding Catches On in Zhejiang's Wenzhou City

OW2705081491 Beijing XINHUA in English 0547 GMT 27 May 91

[Text] Hangzhou, May 27 (XINHUA)—The emergence of a joint-stock economy in Wenzhou City of east China's Zhejiang Province in the 1980's has added new importance to this coastal city, which has played a special role in China's economic reform.

Wenzhou, located in southern Zhejiang Province, administers 11 counties and has a total population of six million. In 1987, the city was listed one of the 12 experimental zones for rural reform, allowing it to try every measure to boost the local rural economy.

The joint-stock economy has since developed very fast. The stock-holders are mostly farmers themselves. Some experts said that this is a new kind of economic structure featuring both joint-stocks and cooperatives.

Under this economic structure, farmers pool their funds and share the profits and losses of their enterprises. Meanwhile, stock-holders also participate in the management and production of their joint-stock enterprises.

A recent survey shows that these joint-stock enterprises are divided into two kinds: One, the employees of an enterprise are all its stock-holders, and two, some of the workers are recruited from society and they are not stock-holders.

Song Wenguang, director of the city committee for restructuring the economy, said that this kind of economy is the natural outcome of the developments in this area.

He said that each farmer in the Wenzhou area has only 0.5 mu (about 0.033 ha) of cultivated land. The traditional handicraft industry became an ideal place to absorb surplus rural labor force, a result of the implementation of the contract responsibility system in rural China in 1979.

Statistics show that in 1978, the city had just over 1,100 industrial and commercial households. However, by 1986, the figure rose to 146,000, and thereby, more and more farmers became rich.

However, the low technological level, out-of-date equipment and poor management hindered the further development of household industries. Single household efforts could not solve the problems, and the farmers started to pool their strength.

Farmer Fu Xianchao, 28, raised a total of 13.2 million yuan and set up a joint-stock knitting factory with other ten knitting households in his hometown, Cangnan County.

Relying on abundant funds, the factory bought many advanced knitting machines. Last year, the factory produced a total of five million yuan in terms of output value. The factory's taxes and profits stood at 600,000 yuan.

Economists analysed that this kind of economy directly links up the interests of individual farmers and features independent management, and therefore, it shows big strength.

Some government officials said that the development is also related to the current state of mind of Wenzhou's farmers.

The owner of a joint-stock enterprise said that his enterprise is not state-owned but is not private either, adding that it is something in-between.

The emergence of this kind of economy has attracted the attention of people from all circles.

Some of them complained that private property accounts for too large a portion in the joint-stock economy. Liu Xirong, secretary of the Wenzhou City party committee said that compared with the household industries, the joint-stock economy has explicit cooperative and social characteristics. It is a new kind of socialist cooperative economy that should be protected and be further developed, he added.

In November, 1987, the Wenzhou City government first issued the "Contemporary Regulations on the Development of Rural Joint-Stock and Cooperative Enterprises". Two years later, the city government carried out a series of policies in a bid to enhance the development of its joint-stock economy.

In 1990, the state Agriculture Ministry put forward the country's first set of "Contemporary Regulations on Farmers' Joint-Stock Enterprises", which are based on Wenzhou's experiences.

The regulations state that "this form of economic management is a new kind of socialist collective economy of the working people. It is an important part of the rural enterprises in the country."

An investigation showed that by the end of last year, the number of joint-stock enterprises in Wenzhou stood at 15,000, accounting for 70 percent of the total number of its rural enterprises. Of the 15,000 enterprises, 12,000 are industrial enterprises with an annual output value of 3.1 billion yuan, representing 35 percent of the city's total industrial output value and more than 60 percent of the rural industrial output value.

Southwest Region

Sichuan Secretary at Discipline Inspection Meeting

HK0606020791 Chengdu Sichuan People's Radio Network in Mandarin 0915 GMT 5 Jun 91

[Text] The three-day provincial discipline inspection work meeting held by the provincial discipline inspection commission concluded in Chengdu yesterday.

The meeting emphatically called for earnestly strengthening party style, party discipline, and clean-government building and working hard to promote the healthy growth of our provincial economy.

At the meeting, Comrade Yang Rudai, provincial party committee secretary, delivered a speech entitled: Unswervingly Grasp Economic Construction, Persistently Grasp Party Style, Party Discipline, and Clean-Government Building. Comrade (Xu Guoyong), provincial party committee deputy secretary, delivered a

speech entitled: Continually Strengthen and Improve Discipline Inspection Work Under the New Circumstances of Reform and Opening Up. Comrade Yang Chonghui, provincial party committee standing committee member and provincial discipline inspection commission secretary, made a summing-up speech.

In his speech, Comrade (Xu Guoyong) pointed out: Party style, party discipline, and clean-government building occupy an extremely important position in party-building work and should only be strengthened, never weakened. On no account must party committees or discipline inspection commissions at all levels waver upon the principle of simultaneously grasping two aspects. Instead, they should correctly handle the relationship between economic construction on the one hand and party style and clean-government building on the other, both of which must be firmly grasped at all times.

Comrades (Yuan Jijian) and (He Xiaotian), provincial discipline inspection commission deputy secretaries, presided over the meeting in turn and delivered speeches.

The meeting was attended by 120 people, including various city, prefectural, and autonomous prefectoral discipline inspection commission secretaries; responsible comrades in charge of investigation and examination of cases from various cities, prefectures, and autonomous prefectures; and responsible comrades of discipline inspection groups or commissions of various provincial departments.

Tibetan Party Officials Host Discussions

OW0206122491 Lhasa Tibet Television Network in Mandarin 1200 GMT 29 May 91

[From the "Tibet News" program]

[Text] On the afternoon of 28 May, the regional party committee and the regional people's government held a discussion meeting in Lhasa for veteran cadres and comrades, who freely talked about the tremendous changes in Tibet since its peaceful liberation 40 years ago. They showed full confidence in Tibet's stability and development, and in building a new socialist Tibet which is united, prosperous and civilized.

Ngapoi Ngawang Jigme, vice chairman of the standing committee of the National People's Congress [NPC] and chairman of the Tibet Regional People's Congress standing committee, and Pagbalha Geleg Namgyai, vice chairman of the regional committee of the Chinese People's Political Consultative Conference [CPPCC] and vice chairman of the Tibet Regional People's Congress standing committee, cordially met and dined with the veteran leaders and cadres attending the discussion meeting. (Raidi), permanent secretary of the regional party committee, presided over the meeting. He conveyed cordial regards from Li Tieying, member of the Political Bureau of the CPC Central Committee and State Councillor, to veteran cadres and comrades before he left Lhasa.

Puncog Wangje, vice chairman of the Nationalities Committee of the NPC standing committee, attended the discussion meeting.

Regional party and government leaders Gyaincain Norbu, Zhang Xuezhong, Mao Rubai, Danzim, Jiang Hongquan, Zi Cheng, Chen Hanchang, and Geng Quanli, political commissar of the Tibet Military District, attended the discussion meeting.

Attending the meeting were Zhang Taiheng and Zhang Defu, respectively commander and deputy commander of the Chengdu Military Region; Hou Shujun, deputy commander of the Chengdu Military Region and commander of the Chengdu Military Region's Air Force; and Ren Rong, Yin Fatang, (Fan Ming), Chen Zhuo, Xi Jinwu, Hu Zonglin, Wang Xinqian, Hou Jie, Peng Zhe, (Wang Jijun), (Feng Keda), Li Chuanen, (Wang Daxian), (Gu Caoping), (Wang Hanting), (Lu Cheng), (Yang Shixi), (Che Junxian), (Lu Zhidong), (Zhang Jun), (Wu Chen), Ci-ren-la-mu, and other former leaders and cadres of the autonomous region and Tibet Military District.

Xing Zhiwen, vice chairman and permanent secretary of the Chinese Dancers' Association, (Pan Duo), representative of model workers, Wang Hailin, vice chairman of the regional CPPCC committee and director of the regional party committee's organization department, also attended the discussion meeting.

Comrade Zhang Taiheng spoke at the discussion meeting. On behalf of the leading organs and commanders and fighters of the Chengdu Military Region, he paid high respect to all veteran cadres and comrades. He praised the celebrations of the 40th anniversary of Tibet's peaceful liberation as enthusiastic, ceremonious, rich in contents, and successful, saying that it fully demonstrated the common desire the people of Tibet and the people of all nationalities throughout the country. He expressed his heartfelt wish that Tibet would take new strides in building socialism in the future.

At the discussion meeting, Comrade Ren Rong pointed out: Fruitful results have been made in the past 40 years since Tibet's peaceful liberation. The grand celebration of the 40th anniversary is an exhibition of the tremendous achievements made as well as a mobilization meeting that calls on the people of all nationalities in Tibet to fulfill the grand goal laid down in the 10-year program for Tibet's social and economic development. He firmly believed that Tibet's next decade would be the decade of a great leap forward in the social and economic fields, as well as a decade of a more prosperous life for people throughout the region.

At the meeting, Comrade Yin Fatang said: In celebrating the achievements in the past 40 years, we must sum up past experiences, look into the future, and formulate a long-term goal of struggle for Tibet's future development. He stressed that the achievements and experiences of the past 40 years had built a firm foundation for us in moving toward the 21st century. As long as the people in

every circle in Tibet unite as one and work hard, they will certainly usher in a more promising future.

Filled with emotions, (Fan Ming) said: As a veteran soldier and cadre, I am excited by the activities in celebration of the 40th anniversary of Tibet's peaceful liberation. In light of the tremendous changes in the past 40 years, the growing number of nationality cadres, and the celebratory activities, marked by enthusiasm, unity and harmony, he recited an impromptu poem at the meeting to express his feelings:

In history heroes have emerged from among the young people.

This is natural and accords with the heavenly principles. I am glad to see the blue dragon play with the white tiger, and feel consoled as I look into the future.

Xi Jinwu, Li Chuanen, (Gu Caoping), (Wang Hanting), (Pan Duo), and other veteran comrades also spoke at the discussion meeting. These veteran soldiers expressed their sincere wish that the people of all nationalities in Tibet would follow the CPC leadership and score greater achievements along the socialist road. They wished that cadres at all levels throughout the region would make fresh contributions to Tibet's prosperity and the people's well-being.

At the discussion meeting, (Raidi), (deputy permanent secretary) of the regional party committee, delivered a heartening speech. On behalf of the regional party committee, the regional advisory group [gu wen xiao zu], the regional people's congress standing committee, the regional people's government, the regional CPPCC committee, and the Tibet Military District, he extended a cordial regard and paid high respect to all veteran leaders and to all leaders of the Chengdu Military Region headed by Commander Zhang.

He said: These grand celebrations, including this discussion meeting, offer an opportunity for recollecting past events. In the past 40 years, Tibet has undergone drastic changes that transcended several centuries. These changes have turned the previously poor, backward, isolated, and stagnant old Tibet into an energetic and prosperous new socialist Tibet. This process is the crystallization of the veteran leaders' energies. As one saying puts it: Remember the well-diggers for the water you have, and remember the CPC for the liberation you enjoy. The people of all nationalities in Tibet will never forget the monumental deeds performed by the veteran leaders in the great cause of liberating and building Tibet, safeguarding the motherland's reunification, and consolidating border defense. We, the successors, will also never forget this.

He stressed that the revolutionary spirit and the fine tradition initiated and advocated by the veteran leaders, namely, being unusually capable of enduring hardship, exercising patience, maintaining unity, fighting, and making sacrifices, will be inherited, passed on to the next generation, and constantly developed.

BEIJING REVIEW on Tibet's Economic Policies

OW0606135491 Beijing BEIJING REVIEW in English
No 22, 3-9 Jun 91, p 4

[“Special Economic Policies for Tibet”; by guest commentator Ling Bin]

[Text] The Agreement of the Central People's Government and the Local Government of Tibet on the Measures for the Peaceful Liberation of Tibet, signed on May 23, 1951, marked the most decisive turning point in Tibetan history. Over the past 40 years, the Tibet Autonomous Region has experienced epoch-making changes as a result of its socialist construction carried out under the leadership of the Central People's Government and has scored remarkable achievements in various fields of endeavour.

Considering Tibet's harsh natural conditions due to its special geographical location on the "Roof of the World," the central government has adopted a host of special policies for the region. The feudal serfdom instituted in Tibet before the democratic reform and the area's closure to the outside world resulted in a backward economy and culture. In view of this situation, the central government implements a more flexible policy towards Tibet in order to speed up the region's economic development. For example, while the land, grassland and forestry are publicly owned, the farmers have the right to use the land and the herdsmen own all the livestock they raise. And the policy will not change for a long time.

In the past 40 years, the state has given much financial and material support to Tibet for its modernization, with the annual amount reaching 1 billion yuan in recent years. Tibet is allowed to retain all its foreign exchange earnings. The state has started 43 key projects in Tibet in recent years, and the scale of investment in Tibet is larger than in any other autonomous regions. Moreover, Tibet's agriculture and animal husbandry are all tax free.

In regard to price policy, the state announced on May 20, 1988 that except for unified state stipulations on trans-provincial, trans-regional air freight charges, basic postal and telecommunication fees, oil pipeline fees, customs charges as well as the ceiling price for musk that must be enforced, the prices of various material and commodities and labour service charges within the Tibet Autonomous Region can be set or readjusted by the people's government of the autonomous region on a trial basis. If the setting or decontrolling of prices involves areas outside the autonomous region, the people's government of the Tibet Autonomous Region is asked to consult with neighbouring regions to co-ordinate their policies. Additionally, over the past three years, in order to improve the economic environment and rectify the economic order and curb inflation, the State Council Price Commission and the State Price Bureau, while exercising targeted control on the country's general retail price level, assign annual retail price rise limits (specific controlled targets) to the people's governments of all the provinces, autonomous regions and municipalities except the Tibet Autonomous Region. As a matter of

fact, the price departments of the Tibet Autonomous Region, following the central government's pricing guidelines and policies and taking Tibet's specific conditions into account, have formulated realistic and suitable measures to control local prices.

Because around 90 percent of Tibet's daily necessities and foodstuffs are brought in from the inland, price rises outside the region directly boost Tibet's price level. The capacity of the region's financial departments and enterprises to bear price hikes is weak and their financial resources are insufficient to control prices. The individual economy makes up a fairly large proportion of the region's economy and quite a number of individual commercial and service households have entered the region from various parts of the country. All these factors make it more difficult for Tibet to control prices than inland areas. Nevertheless, in recent years, the Tibet Autonomous Region has not only made timely readjustments of prices for farm and animal by-products and for industrial goods and vehicle transport fees, but has tangibly reduced the rate of retail price rises by adopting various measures. The market supply of non-staple foods has also greatly improved.

Report on Yunnan's Anti-Drug Efforts

*HK0606150991 Hong Kong WEN WEI PO
in Chinese 27 May 91 p 32*

[Report: "Notable Results for Yunnan Dehong Autonomous Prefecture's Drug Ban"]

[Text] Yunnan news: Before the Liberation, Dehong Autonomous Prefecture of Yunnan was the land where "Yunnan opium" was grown. In the early 1950's, Dehong Prefecture launched a penetrating drug-ban drive which removed poppy growing from the entire prefecture. However, Dehong prefecture borders with Burma in the north, west and south, most of the regions there are hilly areas beyond the Burmese government's control. On the Sino-Burmese borders, many villages and streets belong to both countries, with over 60 major border-crossing routes used by border populations. Drug barons spotted the favorable geographical and human conditions there and intensified infiltration into China. On the one hand, they attempted to build a drug route from Yunnan to Hong Kong through which heroin sales could reach the European and American markets, and on the other hand, given the huge Chinese population they dreamed of opening up a market here, trying with all means to aid and abet China's border populations to take drugs.

"Brother, try it, once you suck it in you will have whatever you can think of: Money if you want it, and women..." Drug pushers were so convincing that even barren rocks would nod and withered trees blossom. Some young inexperienced youths or kids would become curious and that was how they went through the entrance to hell. Seventy to 80 percent of heroin-addicts are under 25 years old.

When sold on the streets, heroin is packed in a small penicillin bottle about one gram in weight, which costs

from 50 and 60 yuan to close to 100. A number-4 drug addict will consume at least one such small bottle a day, and three to four at a maximum. Clearly this cannot be afforded by a family of ordinary economic income. Hence the number-4 drug addict would start to steal from his own family, then from his neighbors, and on to commit crimes in society. Investigations show that there are some 3,400 number-4 drug addicts in Dehong prefecture, responsible for over half of the prefecture's criminal and social order cases.

In 1988 a total of 2,400 or so people took drugs in the whole county [as published]. Drugs were not only damaging the masses' health but also causing serious family and social order problems. For these reasons, the leaderships of Ruili County CPC Committee, county government, and people's congress were all involved in the work to ban drugs. They established a county rehabilitation center that deployed people to kick drug-taking, and also drug-banning organizations at township and village levels, thereby forming a tight county-township-village three-tier drug-banning network; and elicited full cooperation from the departments such as public security, civil affairs, public health, trade unions, Communist Youth League, and women's federation. Since 1986, they have successfully made some drug addicts cease taking drugs.

Last year, the Dehong Prefectural CPC Committee and government selected and organized some 1,800 cadres into the "double civilization" work groups and sent them deep into rural areas, factories and mines to mobilize masses to struggle against drugs. Drug-banning leading groups and drug rehabilitation centers and classes were established at prefectural, county, township and village levels throughout the prefecture to force drug addicts to kick the habit. Last year there was not one new drug addict throughout the prefecture. Thirty percent of drug addicts who joined the drug rehabilitation centers (or classes) at prefectural, county, township, or village levels have successfully kicked the evil habit. Meanwhile border anti-drug enforcers have also stepped up efforts. In the war between humans and the devil, Dehong Prefecture has won a brilliant battle.

North Region

Hebei Governor Seeks Accelerated Reform

*SK0506053191 Shijiazhuang HEBEI RIBAO
in Chinese 18 Apr 91 p 2*

[“Excerpts” of the speech made by Cheng Weigao, governor of Hebei Province, at the provincial work conference on economic structural reform on 17 April, entitled “Further Emancipate the Mind and Renew the Concept, and Accelerate the Pace of Reform and Development”]

[Text] This year is the first year covered by the Eighth Five-Year Plan, is a critical year to continuously carry out the economic rectification, deepen the reform, and promote development, and is the beginning year to fulfill the second strategic goal of the socialist modernization

drive. Under the guidance of the line and principles defined by the party Central Committee and the State Council, and proceeding from the reality of Hebei, we should emancipate our minds, use our brains, renew our concepts, pioneer the road, and blaze new trials to push forward the province's economic structural reform and various undertakings in a sound and realistic manner.

1. Seek Unity of Understanding, Strengthen Confidence, and Consider Reform and Openness as the Basic Force to Promote the Development of Various Undertakings

Since the Third Plenary Session of the 11th party Central Committee, along the road of building socialism with Chinese characteristics, our province has persistently regarded economic construction as the central task, has adhered to the four cardinal principles, and has upheld reform and opening to the outside world. In line with the principle that the socialist system should undergo constant self-improvement, the province has promoted what is beneficial and abolished what is harmful, and has carried out reform in light of the defects and shortcomings existing in the past systems, forms, and methods of management. In rural areas, the household output-related contract responsibility system has been regarded as the major content of reform; and in urban areas, the invigoration of enterprises has been considered the central link. At the same time, the province has conducted reforms of planning, investment, finance, tax affairs, pricing, banking, commercial circulation, and the labor and wage systems; and has conducted initial readjustment of those unreasonable economic relations and interest patterns which hampered the development of social productive forces, thus arousing the socialist initiative of the vast numbers of cadres, staff members, workers, peasants, and the masses, and promoting the rapid development of the social productive forces and the overall progress of the society. It is the tremendous promotion role of reform and openness that has enabled us to fulfill in advance the first strategic goal of doubling the 1980 gross national product. Without reform and openness, it would be impossible at all for us to score such a tremendous achievement.

The seventh plenary session of the 13th party Central Committee definitely pointed out: "To comprehensively implementing the various principles and policies with regard to building socialism with Chinese characteristics, the key lies in the continuous and unremitting efforts to carry out reform and opening to the outside world." Therefore, to boost Hebei's economic construction and various undertakings, to achieve success in the first battle of the Eighth Five-Year Plan, the most important and critical thing is to make all fields in the whole province to further emancipate their minds, seek unity of understanding, strengthen confidence, persist in reform and openness from beginning to end, and firmly and unwaveringly promote reform and openness. Comrade Deng Xiaoping profoundly pointed out that in carrying out reform and opening to the outside world, what is right should be persisted in continuously, what is wrong should be corrected, and what is

insufficient should be strengthened. This is the basic estimate, attitude, and demand on reform and openness; and is the basic point and the prerequisite for emancipating our minds and seeking unity of our understanding. Generally speaking, in carrying out reform and openness, we have not done nearly enough, instead of doing too much. The key lies in summarizing the past and opening up the future. On the basis of summarizing successful experiences and correcting some errors, we should make continued efforts to explore new ideological trains of reform, increase the content of reform, expand the sphere of reform, and deepen reform and expand openness in an even better, faster, and bolder manner in order to make the reform and openness in the future more realistic, more perfect, more fruitful, and really become the force to promote economic construction and various undertakings.

Generally speaking, the province's current situation in the economy and reform is fine and the province has scored the staged results in improving the economic environment and rectifying economic order. Thus, the inflation has been effectively brought under control, some shallow-rooted contradictions which have hindered the economic development have been dealt with, the general level of commodity prices has become more stable, the social gross supply and demand have generally become balanced, and the gap between supply and demand has decreased from 12 percent in 1989 to 5 percent at present. Thanks to the enforcement of measures adopted by the state and the provincial authorities for conducting microeconomic readjustment, the province's economic situation is moving toward a favorable orientation. In the first quarter this year, the province as a whole continuously maintained a favorable trend in its economic development; the industrial production, foreign trade, and exports continued to increase; markets in both urban and rural areas began to be brisk; the investment in fixed assets increased; and the financial revenues also showed an increase over 1990. All of these have created relatively favorable climate and conditions for further deepening the reform drive and broadening the open policy.

However, it must be seen that our province is still facing many difficulties in its economic work, that some deep-rooted contradictions accumulated by the province in its economic life over the past many years have not been totally dealt with, that a large number of new contradictions and problems have also cropped up in the programs of improving the economic environment and rectifying economic order. Among those which are still perplexing us are the slow progress in readjusting the structure of industries and products as well as the organizational structure of enterprises, the market slump, the clogged commodity circulation, the low economic results, and the strained fund supply. Although the industrial production has begun to rise, it still has a lot of contradictions and problems whose prominent manifestation is the "four gaps"—the gap between the increase of output value and that of economic results, the gap between the increase of sale incomes and that of earned profits and taxes, the gap between the

increase of production and the structural readjustment and technical progress, and the gap between fund release and the effect of fund usage. In particular, the vigor of large and medium-sized enterprises has not been sufficient, their economic results have not been satisfactory, and their reserve strength in development has been weak. Therefore, it is imperative to rely on the basic motive force of conducting reform and opening to the outside world either in dealing with the contradictions and difficulties currently cropping up in the economic life, or in fulfilling in an overall way the six major economic targets set in the program of improving the economic environment and rectifying economic order; and either in establishing the new system of the socialist planned and commodity economy and the economic operation mechanism full of vigor and vitality, or in ensuring the national economy to achieve sustained, stable, harmonious development so as to fulfill the second-phase strategic target of developing the national economy. There is no other way than doing so.

2. Emancipate Minds, Renew the Concept, and Do a Good Job in Correctly Understand and Deal with the Relationship Among 10 Fields

In order to unswervingly do a good job in conducting reform and opening to the outside world, to make a success in the province's work, and to boost the undertakings of economic construction, first of all we should further emancipate our minds and renew our concept. This represents not only the fundamental guarantee for implementing the principles and policies of the central authorities; but also the preconditions for daring to proceed from the reality, and for being good at enabling the central authorities' principles and policies to be suitable to the province's situation and reality and at conducting the work in a creative way. As for the emancipation of minds, Comrade Deng Xiaoping said in the past that this means to seek truth from facts and to divide everything into two. Judging from the province's situation, since the beginning of the programs of conducting reform and opening to the outside world, localities and units which have relatively emancipated their minds have been relatively clear in their thinking and relatively active in their work as well as have also scored great achievements in work. On the contrary, those which have not emancipated their minds have not heightened their spirit, not been vigorous in doing their work, hesitated in handling their matters, and achieved slow development in their economy. Therefore, in order to broaden the program of conducting reform, we should more vigorously deepen the reform drive and broaden the open policy. Stressing the further emancipation of minds at this time has a particularly important significance. In line with the province's reality, I contend that in emancipating minds and renewing the concept at present, we should correctly understand and deal well with the relationship among the following 10 fields: A. We should accurately understand and handle the relationship between planning and the market. Planning and the market are the means and forms to distribute natural resources and regulate the operation of the economy. Both are coordinated with and serve the development of

the socialist planned commodity economy. The development of the market and the display of the market regulation's functions must not be regarded as the practice of capitalism. The natures of socialism and capitalism are different due to their foundations of different ownership but are not different due to the fact whether or not there is planning or there is the market. In fact, capitalism has planning and socialism has the market. What we set up is a new system characterized by planned commodity economy. To develop a commodity economy, there must be a market. Otherwise, products will not be circulated, the economy will not be flourishing, and the people will not be satisfied with their material and cultural lives. We should accurately understand the connotation and functions of planning and the market. Planning does not mean rejecting the law of value and the market mechanism. The market is not a place allowing unrestrained freedom or anarchism. The setup of the mechanism of linking a planned economy with market regulation is an objective demand for developing a socialist planned commodity economy as well as a basic orientation for deepening the economic structural reform. The practices since the implementation of the reform and opening-up policies showed that displaying the functions of market regulation, and cultivating and developing the market have greatly made up for the deficiency caused by unitary planning. This not only has effectively aroused the enthusiasm of producers and managers and vigorously developed the economy, but also has enriched the contents of the people's livelihood. The major reasons why some localities and units in our province failed to enliven their economic work or make rapid economic progress were that some comrades were affected and restricted by the doctrine of a product economy; lacked the knowledge of a socialist commodity economy; did not have a strong sense of the market; failed to handle the economic affairs according to the law of value and the law of supply; refused to conscientiously understand and study the market; did not take the market as an orientation to guide policy decisions, production, and management; and failed to boldly pioneer, develop, and cultivate the socialist market. If these problems are not solved, the economic development and the progress of the reform and opening-up work will be affected. So, we must understand that those who pay no attention to studying, occupying, and developing the market in the course of developing the socialist planned commodity economy, abandon themselves to vice.

B. We should accurately understand and handle the relationship between delegating powers and conceding benefits and changing mechanisms. In the initial stage of the economic structural reform, we basically took the roads of delegating powers and conceding benefits. By delegating powers and conceding benefits, the economic structure characterized by excessive and rigid control was preliminarily changed, both localities and enterprises were aroused with enthusiasm for developing the economy, and a situation where the economic construction is in full swing starts to take shape. Due to the imperfect macroeconomic control system, problems

such as inflation and imbalance between various sectors of the economy emerged. Some comrades attributed the occurrence of these problems to the delegating of powers and the conceding of benefits, and thought that excessive powers had been delegated and excessive benefits had been conceded. So, some departments not only refused to conscientiously implement and perfect the policies on enlivening enterprises and vitalizing the economy under the pretext of improving the economic environment and rectifying the economic order, but also made up various reasons to cut the benefits and to withdraw the powers. A considerable number of difficulties cropping up in the course of reforms are related to this. We must clearly understand that in the final analysis, we should rely on the change in the economic operational mechanism to help enterprises really set up an economic operation mechanism characterized by independent management, self-responsibility for profits or losses, self-development, and self-restriction in order to enliven enterprises and to vitalize the economy. Simultaneously, we should understand that if there was no preceding stage of delegating powers and conceding benefits and of reforming the malpractice due to excessive and rigid control, there will be no foundation for shifting the mechanism that we stress today.

Of course, it should be admitted that at the preceding stage, owing to a lack of experience, some fields experienced the problem of delegating inappropriate powers and conceding too many benefits to enterprises. However, there was also the problem that many policies concerning power delegation and conceding of profits stipulated by the state in explicit terms have not been implemented in a practical manner (especially the enterprises' power of making their own management has not been delegated to enterprises). Therefore, we should not separate the delegation of powers and conceding of profits from the change of mechanism, still less set the former against the latter. Only by truly implementing the "Enterprise Law" and the state policy concerning delegating powers and conceding profits, will it be possible to realize the change of mechanism. Also, only by realizing the change of mechanism will the delegation of powers and the conceding of profits play the role of promoting the invigoration of enterprises and promoting economic development. The two supplement each other. And it is completely impossible to go from one extreme to the other extreme.

C. We should correctly understand and handle the relations of economic rectification and economic stabilization with in-depth reform and economic development. Through economic rectification, we have put inflation under effective control, relieved the contradictions between supply and demand, eliminated the phenomenon of overheated economic growth, and thus created a relatively good environment for deepening the reform. The deepening of reform has also given impetus to economic rectification and facilitated the steady development of the economy. This has become the common understanding of the vast numbers of cadres and the

masses. On what should we rely to solve the numerous deep-rooted contradictions and problems with regard to the current economic life? We should rely on the deepening of reform! In fact, the more profoundly the economic rectification goes, the more we are required to increase the content of reform and to explore new ideological trains of reform. Some comrades, however, still have doubts and misgivings, and have always considered that the emphasis on deepening reforms will adversely affect stability and the achievements in economic rectification. As a result, such comrades have wavered from reform. They have not only lost courage to make positive explorations, to expand their train of thought, and to study some new methods of reform; but even have no courage to persist in some reform measures proven feasible. At the moment, some enterprises have witnessed such phenomena such as drawing no clear distinction between the functions of the government and those of the enterprises, practicing egalitarianism, and subjecting themselves to collective responsibility in name but with no one assuming responsibility in reality. Such phenomenon really warrant our sharp vigilance. If we fail to appropriately handle the relations of economic rectification and economic stabilization with in-depth reform and economic development, not only will we fail in economic rectification, the economic, social, and political stability will also lose its essential foundation materials.

D. We should correctly understand and handle the relations between the prevention of impatience for quick success in ideology and the strengthening of the sense of urgency and the sense of responsibility in work. In view of the lessons drawn from the past, to avoid the re-appearance of overheated economic growth and major ups and downs, we must guard against impatience for quick success in guiding ideology. In handling affairs and undertaking construction projects, we must proceed from the objective reality, and act according to our ability. However, far from truly guarding against impatience for quick success and against overheated economic growth, some comrades, in fact, lack the sense of urgency and the sense of responsibility in boosting the national economy, and refuse to positively and energetically do what they should do and what they can do. It should be noted that to fulfill the second-step strategic goal at the end of this century, the tasks are much more arduous than those to fulfill the first-step strategic goal. Moreover, we still lag far behind the advanced provinces and municipalities in terms of economic development. Now, all fraternal provinces and municipalities are going all out to catch up with the advanced. Under such a situation, how can we not feel anxious, and how can we have no sense of responsibility for history and have no sense of urgency for the times? Thus, whatever can be handled and can be achieved through great efforts should be handled and achieved by hook or by crook. At the moment, special attention should be paid to overcoming the problem where some cadres are not interested in

economic work and slack off in work so that we may make a new step in various items of work.

E. We should correctly understand and handle the relationship between affirming achievements and opposing arrogance and shattering complacency. Since reform and opening up started, our province has indeed achieved great progress in various fields, and made substantial development as compared with our own past. We should fully affirm this. The purpose of fully affirming our achievements is to enhance people's courage and confidence in advancing continuously. While affirming achievements, however, we should remain clear-headed so as to see our deficiencies. Only in this way can we be stimulated to continuously make progress. A very important way for a locality or a unit to accomplish something, bring forth new ideas, and develop and advance continuously is to make ceaseless efforts to oppose arrogance and shatter complacency, and guard against the conservative attitude. In addition, there is no end in doing this. It is ideological metaphysics and lopsidedness to feel satisfied with what has already been achieved, indulge in self-admiration, stand still and even like to hear good words and words of praise only, and regard the work to discuss problems and lay bare where we lag behind as a negation of achievements. We should overcome it.

F. We should correctly understand and handle the relationship between foreign capital utilization and self-reliance. Our economic construction should be based on arduous struggles and our own efforts mainly. There is no doubt about this. The purpose of our emphasizing the endeavors of opening wider to the outside world, developing economic and technological exchanges with foreign countries, and importing funds and technology from abroad is to develop our national economy, facilitate our development, and increase our competitive edges in domestic and foreign markets. Some comrades are afraid that "fertile water would flow to others' land," that foreigners would earn our money and exploit us, and that they would be regarded as developing capitalism. In importing and using foreign capital, they are overcautious, have too many misgivings, lack courage and fail to take steps quickly. A very important reason for this is their failure to clarify the relationship. As a matter of fact, joint venture and cooperation projects, and import of foreign capital and technology are undertakings that benefit both sides. Ultimately, we will benefit from them. Besides, foreign capital amounts to a very small proportion in such a country as ours where public ownership is predominant. No matter how much we bring it in, it will not affect the socialist nature of our country because production and business are carried out within the framework prescribed by state laws. Therefore, it is hoped that our comrades will eliminate their misgivings in opening wider to the outside world and importing capital and technology, and have more courage and confidence in making greater strides.

G. We should correctly understand and handle the relationship between adherence to the predominance of public ownership and active development of the various

sectors of the economy. To build socialism with Chinese characteristics, we should keep public ownership predominant, and turn state enterprises truly into the backbone and foundation of the socialist economy. By deepening reform, we should probe into the various effective forms of the socialist public ownership, and provide favorable conditions in terms of policy measures and the business environment to support the public sector in developing its advantages and leading role. Meanwhile, based on the characteristics of the economic structure and the level of productive forces in the initial stage of socialism, we should further emancipate our minds, resolutely break with the idea that "state units represent iron rice bowl, collective units china bowl and individual units clay bowl," actively develop the urban collective economy and township enterprises, and appropriately develop the individual economy and private enterprises. Our province lags far behind coastal provinces in economic development. A very important reason for this is the sluggish development in the local economy and the great financial difficulties.

The development of sectors in the diversified economy, particularly the development of collectively-owned enterprises, not only can broaden the employment channels and employ the surplus labor forces but also can promote the economic development and increase the financial revenues at county and township levels. Therefore, based on a summary of the experience, we should strive to achieve new development during the "Eighth Five-Year Plan" period. Meanwhile, efforts should be made to enhance the guidance, supervision, and management and to maintain the favorable sectors and eliminate the unfavorable ones so as to enable the diversified economy to truly become a beneficial supplement to the socialist publicly-owned economy.

H. We should correctly understand and deal with the relationship between the principles of regarding economic construction as a center and of enhancing the building of spiritual civilization. Enhancing the building of socialist spiritual civilization represents not only our target but also the guarantee of successfully conducting economic construction. The final purpose of upgrading the quality of thinking, morality, science, and culture among the Chinese nation as a whole also is to boost economic construction. Without boosting the economy, it is impossible for us to bring into full play the strong points of socialist systems, to fundamentally consolidate socialism, and to defeat capitalism. Some are worrying that the over stressing of economic construction would adversely affect the building of spiritual civilization. As a matter of fact, there are problems of "paying much attention to economic construction and less attention to spiritual civilization," of not implementing the spirit of "paying attention to both economic construction and spiritual civilization construction" while grasping economic construction, of neglecting the ideological and political work, of not firmly fostering the idea of regarding economic construction as a center, and of not putting economic construction in its proper position. In

improving the problem of "paying much attention to economic construction and less attention to spiritual civilization", we stress that much attention should continue as usual and that the lesser attention should be enhanced to the full extent. We should understand and implement in an overall way the party's basic line of "one center" and "two basic points" and by enhancing the building of spiritual civilization, should do a good job in emphatically dealing with the problems committed by cadres and particularly leading cadres at all levels with regard to their mental state and in bringing into full play the enthusiasm of cadres and the masses in building socialism so as to enable them to wholeheartedly concentrate their efforts on boosting the economy.

I. We should correctly understand and deal with the relationship between the tasks of enhancing the party organizations' leadership over the ideological and political work and that of enforcing the plant director responsibility system. In line with the regulations set in the "enterprise law" and the spirit of documents issued by the CPC Central Committee and the State Council with regard to the leading system of enterprises, the plant director responsibility system should not only be continuously enforced but also be further improved. The system is the leading system of enterprises, which has been fostered through the repeated deliberations and consultations since the PRC's founding, and is aimed at reinforcing the commanding system of production and business and at upgrading the work efficiency so as to meet the objective needs of developing the planned and commodity economy and of socializing and specializing the production. The party organizations of enterprises mainly exercise their leadership over the work of bringing their role of guarantee and supervision into play and over that of enforcing the party's principles and policies and conducting the ideological and political work. Enforcing the plant director responsibility system and enhancing the leadership exercised by the party organizations of enterprises over the ideological and political work are all aimed at bringing into maximum play the enthusiasm and creativeness of all cadres, staff members, and workers; as well as by finally enabling the system and work to attach themselves to the party organization and by carrying forward the practice of relying on workers and masses to conduct production and run business. We should neither regard the plant director responsibility system as having the final say by one person nor regard the enhancement of party leadership as having the party totally take the large amount of specific work conducted by enterprises in their production and business. As to this issue, central leading comrades have repeatedly advocated that we should no longer quibble over the "core" and the "center" and grasp the key of making concerted efforts to boost the enterprises.

J. We should correctly understand and handle the relationship between the interests of the part and the interests of the whole. In a certain sense, reform means adjustment of the original pattern of power and interests. When judging whether a unit or a cadre supports reform and opening up wholeheartedly, we should, to a certain extent, judge by its or his attitude when reform and

opening up affect its or his power and interests. The abnormal phenomena that I mentioned at the fifth plenary meeting of the provincial government held in February this year are still existing. Some units and individuals are very active and energetic in vying for more power and benefits, but become passive and resistant when faced with the need to share power and interests with others. Leaving this problem unsolved, the overall situation will be affected. Therefore, we should correctly handle the relationship between the various departments and the center, and between the part and the whole, both giving full play to the initiative and creativity of the various departments and the partial work, and having the major principles in mind, taking the overall situation into account, subordinating the interests of the part to the interests of the whole, and integrating the work of the various departments and the interests of the part with the overall work and the interest of the whole. All our work should be geared to the needs of reform and opening up, which meet public interests. Only when we approach and handle problems in this way can we pool our efforts to facilitate reform and opening up, and win a success in the "general war" for reform and opening up.

Correctly understanding and handling the aforementioned relationships is the prerequisite for our province to facilitate reform, opening up and development. Without emancipating our minds and updating our ideas, it is impossible for our province to achieve success in reform, opening up and rapid development. We should stress these relationships repeatedly, and continuously enhance our understanding of them in the process of practice. Only when people throughout the province achieve a common understanding can we unify our thinking, and open up a new situation in our province's economic construction and other work with one heart and one mind.

3. Deepen the Supporting Reforms in Various Fields, With the Focus on Invigorating Large and Medium-Sized Enterprises, and Win Success in the First Battle of the Eighth Five-Year Plan Period

The party Central Committee and the State Council attach great importance to the work to invigorate large and medium-sized enterprises. By the end of 1990, our province had 576 large and medium-sized enterprises (of which 472 were state ones). Although they accounted for merely 2.97 percent of the province's industrial enterprises that carried out independent accounting, the original value of their fixed assets and their output value accounted for 69.1 and 37.52 percent, respectively, of the industrial enterprises throughout the province, and the profits and taxes they created and those they turned over to higher authorities 82.35 and 87.95 percent, respectively, of the industrial enterprises carrying out independent accounting throughout the province. Large and medium-sized enterprises, to which most of the state's mandatory plans are assigned, support the state in its effort to achieve an overall balance in planning, and are the major suppliers of the great amounts of energy

resources, raw materials, means of production, products for agricultural use and daily necessities. Large and medium-sized enterprises play a decisive role in our province's economic development, and have made significant contributions to the province in economic development, to the increase of revenues, and in the improvement of people's living standard. However, large and medium-sized enterprises are currently faced with many difficulties and problems in their production and management, which are reflected in their lack of vigor for short-term development and their lack of sustained strength for long- and medium-term development. For this reason, we should regard the work to invigorate large and medium-sized enterprises as the center and priority of our urban economic structural reform. This work is a key and most difficult battle, and we must win a victory in it.

A. The work to invigorate large and medium-sized enterprises should be based on efforts to stabilize, implement, coordinate and improve the reform measures under execution. Since reform and opening up started, the state has put into effect a series of laws, decrees, and policies designed to invigorate enterprises. While conscientiously implementing the laws, decrees, principles, and policies designed to invigorate large and medium-sized enterprises formulated by the state, the provincial party committee and government have also worked out some policy regulations based on the specific conditions of the province to support the invigoration of large and medium-sized enterprises, and party committees and governments at all levels have carried out a great amount of work and adopted many measures. In view of this, the provincial party committee and government announced on many occasions that there would be no changes in the contract system, the enterprise director responsibility system and the reform policies, and no withdrawal of power already delegated to enterprises. Here, I will reiterate that all the policies designed to invigorate enterprises and all the power delegated to them as stipulated by the party Central Committee, the State Council and the provincial party committee and government since reform started must be implemented unswervingly before they are declared invalid. The regulations of some departments that go against the guidelines should be resolutely abolished. Commissions for the restructuring of the economy, planning and economic commissions, departments in charge of the various branches of the industry and economic supervision departments should organize personnel to comprehensively examine all the laws, decrees, and policies for invigorating enterprises, with the focus on examining how the "enterprise law" is enforced. After the examination, they should reiterate or further clarify the policies whenever necessary so that all policy measures can be truly adopted by enterprises and be applied to all the links of production and management, and that the potential of all reform policies can be developed. Meanwhile, we should organize necessary publicity of policies

and service to implementation of policies, and help enterprises apply all the existing policy measures fully, flexibly, and successfully.

B. We should continue to adhere to the direction and targets of reform which call for separating government functions from business management, and ownership from management power appropriately, and turning enterprises truly into the producers and managers of socialist commodities who carry out management independently, are responsible for their own profits and losses, initiate self-development and exercise self-restraint. The key to this is to truly implement all the decision-making power entrusted to enterprises by the "enterprise law," and see to it that all laws are observed and enforced to the letter and violators are brought to justice. At present, priority should be given to the three endeavors of opening up the markets for industrial goods successfully, breaking "debt-chains," and checking "unauthorized collections of fares, fines, and donations and unauthorized inspections" so that all economic and noneconomic factors affecting the invigoration of large and medium-sized enterprises can be eliminated. The State Council recently again issued 11 policy measures for invigorating large and medium-sized enterprises. We should work out specific and operable methods in line with the actual conditions of our province to provide good macro conditions and a good external environment for invigorating large and medium-sized enterprises.

C. We should deepen the reform within enterprises, strengthen enterprise management, and improve the quality of enterprises. First, we should continue to enforce the director responsibility system to ensure directors' full exercise of their unified command of the production and managerial activities of enterprises, and to establish the managerial authority of the directors. Second, we should adhere to and improve the contract system. While doing a good job in linking the two rounds of contracts, we should conscientiously strengthen management of the entire process of the implementation of contracts. Third, while improving the economic responsibility system of enterprises, we should continue to enforce the labor and personnel system and distribution system that conform to the characteristics of individual enterprises and that help fully boost the enthusiasm of the managers and producers of enterprises so that the iron rice bowl, the iron wage, and the iron chair can be truly eliminated. Fourth, we should upgrade the quality of personnel in all circles in the fields of political affairs, technology, and in professions; and reinforce the basic and specialized management. Fifth, we should have enterprises establish their internal mechanism to push themselves in conducting technical renovations and making technical progress. All in all, enterprises should grasp the "work" of discovering their shortcomings in line with outside advanced experiences and of tapping their potential in line with their internal conditions; uphold the "principle" of opening markets in outside places and of enhancing on-the-spot management; continuously enhance the sense of markets; readjust the product mix and the business policies in a timely manner; upgrade their capability to adapt and

compete; and bring into play the strong points of large and medium-sized enterprises in personnel, management, and technologies so as to enable themselves to fully radiate their internal vigor. Otherwise, they can not become brisk though they have had good external conditions.

D. A good job should be done in readjusting the structure, promoting the reasonable trading of major means of production and the optimization and organization of enterprises, developing enterprise groups, and in fully tapping the potential of existing assets. During the "Eighth Five-Year Plan" period and the upcoming 10 years, we should regard the work of optimizing and organizing the enterprises and of developing enterprise groups as a strategic task for carrying out economic construction and conducting reform in the economic system. Efforts should be made to support the enterprise groups in major fields so as to promote them to improve themselves and to upgrade their standards; and to promote them in a planned manner to transform themselves from their inattentive and low-level state to an intensive state with long-term and stable targets. Enterprises which can not enforce the "six unifications" system may enforce the "three unifications" for the time being. Meanwhile, efforts should be made to continuously encourage enterprises to conduct the systems of signing contracts, renting business, setting up associations, cooperating, and merging. The State Council recently decided to organize 100 large enterprise groups turning out key products. Our province should seize this opportunity; actively adopt measures to adequately and actively establish substantive enterprise groups in line with the principles, conditions, and targets set by the State Council in setting up enterprise groups; and should strive to have some groups covered by the state plan. Meanwhile, we should establish in a planned manner a number of enterprise groups turning out key products in the province; authorize these group to undertake an independent production plan; and enforce the "method" of being responsible only to their higher authorities on the matters of investments in fixed assets, loans, labor wages, targets, and financial and tax revenues. Through the reasonable trading of major means of production and the optimization and organization of enterprises, we should enable the province's economy to achieve large-scale and intensive development with strong economic results.

To succeed in the first battle during the "Eighth Five-Year Plan" period, it is also imperative to conduct reform in a coordinated and associated manner in line with the principle of enlivening the large and medium-sized enterprises. First, efforts should be made to vigorously broaden the policy of opening to both domestic provinces and foreign countries. On the one hand, we should continue to vigorously introduce outside funds and technologies, to do a good job of earning foreign exchange through exports, to enhance the work of building open development zones, and to create conditions for broadening the open policy; on the other hand, we should make use of the strong point of being near Beijing and Tianjin municipalities to do a good job in setting up internal associations and in accelerating the pace of opening to domestic provinces. Second, efforts

should be made to steadily deepen the reform drive in rural areas. The emphasis of conducting reform in rural areas is to stabilize or improve the household responsibility system linked to output, to improve the centralized and decentralized management, to do a good job in establishing socialized service systems, to develop collectively-owned enterprises, and to reinforce the actual strength of collectives. Third, efforts should be made to uphold the reform orientation of "three more and one less", to bring into full play the role of supply and marketing cooperatives and of the state-run commercial firms in being the main commodity-circulation channels, to further enliven commodity circulation, to broaden the sales of industrial commodities and farm and sideline products, and to promote the stable and harmonious development of both urban and rural economies. Fourth, efforts should be made to deepen the reform drive on the banking front. The emphasis in this regard should be placed on enlivening the volume of fund storage and optimizing the volume of fund increase. We should adopt effective measures to clear up the "debt chain", help enterprises use their funds in an effective way, upgrade the effect of fund utilization, and should further master the fund sources and raise more funds to support economic construction. Fifth, we should continue to deepen the reform of urban collective enterprises and the reform of township enterprises, and accelerate the pace of development on the basis of summarization and improvement. Sixth, we should accelerate the reform of the housing system. So far as the whole province is concerned, in the first half of this year, programs should be set forth, and in the second half of this year, a substantial step should be made. Seventh, we should achieve success in the reform of the social insurance system. In this aspect, emphasis should be put on the reform of the old-age insurance system, the unemployment insurance system, and the medical insurance system.

4. Strengthen Party and Government Leadership over Reform, and Make Overall Planning and Coordination for the Reforms in All Fields

A. We should strengthen the overall planning and coordination for the work and major measures dealing with reform. Along with the constant deepening of the province's economic structural reform, we are increasingly required to link, coordinate, and summarize various plans and measures with regard to reform. From now on, in formulating medium- and long-term overall planning and fiscal plans with regard to the province-wide economic structural reform, the provincial structural reform committee should first conduct research and set forth guiding principles and outline ideas; then, the provincial government's pertinent departments should make concerted efforts to strengthen and improve the guiding principles and the outline ideas in order to make them more specific; and, after that, the provincial structural reform committee should conduct overall balance for the guiding principles and the outline ideas and submit them to the provincial government for approval and implementation. When various departments of the provincial government map out their own reform plans and programs involving the whole province, their plans and programs should also be subjected to overall

coordination by the provincial structural reform committee, and then should be submitted to the provincial government for approval and implementation. In case of major problems in implementation, the provincial structural reform committee should assume responsibility for coordination.

B. We should strengthen the overall planning and coordination for urban and rural reforms. Structural reform departments should keep abreast of new functional demands, strengthen the contacts with pertinent departments, and attend to linking and coordinating the policies on urban and rural reforms. At present, special attention should be paid to grasping the comprehensive reforms at the county level in order to make the county level truly become a bridge to link the urban economy with the rural economy and to link urban reform with rural reform and to promote the coordinated development of urban and rural economies.

C. We should strengthen the overall planning and coordination for the experiments of reform. The provincial structural reform committee, together with departments concerned, should help the open areas in 12 counties in Qinhuangdao, Tangshan, and Cangzhou cities to successfully carry out experiments on comprehensive reforms, should organically combine reform, openness, and invigoration, and should make these open areas to go ahead of others in gradually establishing a new system of the planned commodity economy and an export-oriented economic operating mechanism. At the same time, we should strengthen guidance and coordination to the experiments on the system of separation of taxes and profits, after-tax loan repayment, and after-tax contract execution, and the share-holding system. We should gain experiences from experiments, and then popularize these experiences in order to avoid or reduce errors and avoid detours in future reforms.

D. We should strengthen the building of organizations and the style of ideology and work among structural reform departments. Party committees and governments at all levels should pay further attention to the building of structural reform departments, and should help them create some essential working and living conditions. Structural reform departments at all levels should constantly improve the political and professional expertise of their own, and should serve as a good adviser and assistant to party committees and governments.

Inner Mongolia's Reform Targets Outlined

SK0306042391 Hohhot Inner Mongolia People's Radio Network in Mandarin 1000 GMT 2 Jun 91

[Special column on the region's general targets of conducting reform in the economic systems during the Eighth Five-Year Plan]

[Text] During the Eighth Five-Year Plan, general targets for the region's program of conducting reform in the economic systems are in line with state arrangements and the region's reality, thus enabling us to carry forward in an overall manner the program of conducting reform

in the economic systems in a guided manner and step by step, and to initially establish the new systems of socialist planned and commodity economy and the operation mechanism in which the planned economy is integrated with market regulation. Major tasks in these targets are as follows:

1. Efforts should be made to improve the structure of ownership and, on the premise of consolidating and developing the state-owned enterprises, to begin the development of collectively-owned enterprises in both urban and rural areas and encourage various localities to develop individually-owned, privately-owned, and other enterprises. We will foster the structure of ownership with the socialist public ownership as a main part, which is in conformity with the region's characteristics of economic development, and in which various economic components coexist.

2. Efforts should be made to deepen the reform drive within the systems of enterprises, in line with the regulations set in the enterprise law; to uphold the principle of separating political work from the enterprise management and of adequately separating ownership from the right of running the business; and to improve the operation mechanism of enterprises and their external economic environment so as to enable enterprises to gradually foster the operation mechanism in which enterprises run their business independently, are responsible for their own profits and losses, achieve self-development, and conduct self-restriction, and truly become the producers and managers of socialist commodities. We will continue to uphold or improve the enterprise responsibility system or the plant director and company manager responsibility systems; to enhance the leading role of party committees in political work; to realistically ensure the democratic rights of staff members and workers; to continuously conduct reform in the enterprise systems of labor and personnel affairs, wages, profit distribution, financial accounting, and of auditing work; to further discard the practice of eating from the same big pot and iron rice bowl; and to enforce the system of personnel on probation and of labor contracting.

3. Efforts should be made to develop market systems and to conduct reform in the price system; to actively develop wholesale markets and multiple trading styles, particularly transregional, comprehensive, and specialized marketing organizations and the enterprise associations of commodity circulation; to enforce long-term contracts with a letter of guarantee; and to adequately expand the markets.

4. Efforts should be made to improve the housing and social security systems. During the Eighth Five-Year Plan, the region will extensively conduct reform in the housing system and adopt various methods for increasing rent, having houses available for renting, promoting the selling of houses, and of conducting house letting and selling simultaneously so as to accelerate the pace in commercializing resident houses. The region will continue to encourage individuals to buy public-owned housing; to formulate the unified and reasonable pricing of residential housing across

the region, methods of housing management standards; and to develop the system of having the state, localities, enterprises, and individuals raise funds for jointly building housing. Efforts should be made to actively carry forward reform in the social security system so as to promote the development of social insurance and other social welfare undertakings by emphasizing the work of establishing or improving the system of providing for the aged and for job insurance. The region will gradually establish the system of macroeconomic readjustment and control, which is based primarily on the state plan and on comprehensive coordination set by economic and administrative circles through legal measures; particularly enhance the building of the indirect system of macroeconomic readjustment and control; and readjust economic operations by doing its best in making use of the influence of prices, tax rates, profit rates, and foreign exchange rates. Efforts should be made to further straighten out the relationship among the departments of planning, financial affairs, banking, and economic

undertakings. The region also will bring into play the role of planning departments in achieving a comprehensive balance, implementing state industrial policies, and harmoniously readjusting the economic lever in a comprehensive way so as to enable the departments of planning, financial affairs, and banking to reasonably divide their work, to cooperate closely with each other, and to make concerted efforts in their operations. Meanwhile, efforts also should be made to enhance or improve the work of departments involved in auditing and statistical affairs, supervision, commodity prices, information, technical supervision, and of industrial and commercial administration; to establish or improve the systems of conducting accounting, supervisory, and managerial work in the national economy as well as the methods of scientific statistics and survey so as to do the best in rendering services for readjusting and controlling the economy operation.

CPC Office Issues Statement on Ties

OW0706095391 Beijing XINHUA Domestic Service in Chinese 0452 GMT 7 Jun 91

[Text] Beijing, 7 Jun (XINHUA)—A responsible person of the Taiwan Affairs Office [TAO] of the CPC Central Committee today made a statement on relations between the two sides of the Taiwan Strait and on the question of peaceful reunification.

The statement issued by the responsible person of the CPC Central Committee Taiwan Affairs Office reads as follows:

Propelled by the CPC policy of peaceful reunification of the motherland and through the concerted efforts of compatriots at home and abroad, tremendous changes have taken place in the relations between the two sides of the Taiwan Strait in recent years, and the overall situation is developing in a direction favorable to the peaceful reunification of the motherland.

The last decade of this century is an important period for the revitalization of the Chinese nation. Together with various political parties, groups, and personages in various circles throughout the country, the CPC will continue to work hard for the prosperity of the nation and the peaceful reunification of the country. We will unwaveringly uphold the principle of "peaceful reunification, and one country, two systems." This principle has the fundamental interests of the people throughout the country as its aim, respects history and reality, and is the best way to realize the reunification of the motherland by proceeding from actual conditions, and it has been successfully applied in resolving the Hong Kong and Macao issues. The concept of "one country, two systems" means that two different political, economic, and social systems are to be implemented in a country, that no one will swallow up anyone else, and that each respects the other, with both working for common prosperity. When Taiwan is peacefully reunified with the mainland of the motherland under this principle, the mainland will continue to implement its socialist system; Taiwan will continue to implement its capitalist system; the present political, economic, and social systems will remain unchanged and so will the ways of life. As a special administrative region, Taiwan will enjoy a high degree of autonomy, its judiciary will be independent, and the trial of last instance will not need to be in Beijing; Taiwan may retain its armed forces; the interests of the Taiwan authorities, concerned parties, and the Taiwan people will be effectively guaranteed. This absolutely is not an expedient measure, but a major program of fundamental importance and a long-term principle.

While we advocate national reunification through peaceful means, we do not promise to renounce the use of force. This stand is absolutely not meant for Taiwan people, it is meant for foreign forces' interference in China's reunification, and for "Taiwan independence" [zhen dui wai guo shi li gan she zhong guo tong yi he tai wan du li de 6859 1417 1120 0948 0528 0500 1626 3195 0022 0948 4827 0001 0735 0669 3494 3747 4539 4104].

Recently, activities for "Taiwan independence" have been rampant on Taiwan, and they have caused serious concern among countrymen at home and abroad. Taiwan is an inalienable part of Chinese territory and national reunification is the national aspiration and the general trend and popular feeling. "Taiwan independence" goes against national interests and the historical trend, and it will never succeed. We are firmly opposed to any attempt or act aiming at creating "two Chinas," "one country, two governments," or "Taiwan independence." We will never sit by and watch Taiwan become "independent" [jue bu zuo shi tai wan du li 0414 0008 0976 6018 0669 3494 3747 4539].

We have noticed that the Taiwan authorities have time and again stated that there is but one China and China will be reunified; and that they have also taken certain measures which are conducive to the development of relations between the two sides. Recently, Taiwan authorities declared the termination of the "period of mobilization for suppression of rebellion" and abrogated the "interim provisions for the period of mobilization for suppression of rebellion." We must point out that the "period of mobilization for suppression of rebellion" and the "interim provisions" should have been terminated and abrogated a long time ago because they were illegal in the first place. Although action was not taken until now, the act is still a realistic one to reduce hostility, and it should be considered as something positive. However, the Taiwan authorities still underscore the need for "hostility awareness." This is a very anachronistic idea. They still want the two sides of the strait to become two equal "political entities," and they still fantasize over "changing the mainland peacefully." This is simply impossible. We hope the Taiwan authorities will change their anticommunist stand and will not reject peace talks, but will genuinely do away with hostility, match words with deeds, and do some more practical things useful for peaceful reunification, instead of delaying the great cause of reunification by simply paying lip service to it.

To promote the development of relations between the two sides and to accelerate the process of peaceful national reunification, and in accordance with the CPC's consistent policy and proposition, I have been authorized to make the following proposals:

1. Relevant departments and authorized groups or personages of the two sides should act as quickly as possible to discuss issues about the establishment of the direct three links [postal, shipping, and commercial links] and about bidirectional exchange so as to benefit people on the two sides through broadening contacts, promoting closer ties, and creating a more prosperous national economy. We welcome the Taiwan authorities' propositions and measures, which are conducive to establishing the three direct links and bidirectional exchange.
2. The CPC and the Chinese Kuomintang [KM] should send representatives to contact each other so that conditions can be created for negotiations in connection with

formally ending the two sides' hostility and achieving peaceful reunification step by step. Under the premise of upholding the principle that there is but one China, we can also discuss other issues which the Taiwan authorities are concerned about. We may also invite representative personages of other political parties and groups on the two sides to take part in the talks.

3. The CPC Central Committee welcomes responsible persons of the KMT Central Committee and personages it authorizes to visit the mainland. They may come over to take a look first, and they may also come over to exchange views. We will warmly welcome them and treat them with courtesy. If the KMT invites CPC representatives to visit Taiwan, we will be willing to accept the invitation and go to Taiwan to discuss state affairs with them. I hope the KMT will consider this proposal seriously and earnestly.

An early realization of our motherland's peaceful reunification is an earnest expectation and a sacred mission of countrymen at home and abroad. We hope countrymen in Taiwan, countrymen of all nationalities on the mainland, countrymen in Hong Kong and Macao, and countrymen living overseas will rally under the banner of patriotic reunification and work hard together to achieve the longlasting great cause of national reunification.

Official Views End of Mobilization Period

*HK0306071891 Beijing RENMIN RIBAO
OVERSEAS EDITION in Chinese p 5, 31 May 91*

[Article by Zhu Xuefan, chairman of the Central Committee of Revolutionary Committee of Chinese Kuomintang: "Remove Barriers, Promote Reunification"]

[Text] Recently, the Taiwan authorities announced that from 1 May this year the so-called "period of mobilization for suppression of the communist rebellion" would be terminated and the "Provisional Regulations for the Period of Mobilization for Suppression of the Communist Rebellion" would be repealed at the same time. To the Taiwan authorities, this is, after all, a wise move that conforms to people's opinion.

More than 40 years ago, to save itself from losing the civil war and to strengthen oppression of the people, through the "National Assembly" which it controlled, the Kuomintang [KMT] ruling group announced the so-called "period of mobilization for suppression of the communist rebellion" and formulated the "Provisional Regulations for the Period of Mobilization for Suppression of Communist Rebellion." As soon as the announcement was made, it met with the strong objection of people across the country. Even many far-sighted people within the KMT were dissatisfied with the moves. I refused to attend the "National Assembly" because I objected to the KMT ruling group's anticommunist civil-war policy. In November 1946, I came to Hong Kong to join the KMT's democratic faction and other patriots in the struggle against civil war and dictatorship.

I also resolutely objected to the "mobilization for suppression of the communist rebellion" system which the KMT ruling party proceeded to carry out later. As people had predicted, these moves did not change the fate of the KMT ruling group's loss on the mainland.

From that time on, the KMT ruling group continued to carry out the "mobilization for suppression of the communist rebellion" system in Taiwan and exercised military and autocratic rule over Taiwan under the pretext of opposing the communists. This likewise led to the Taiwan people's objection and struggle. Today, owing to the changes in Taiwan's political situation and in the development of exchange between both sides of the strait, and as more and more people demanded the termination of the "period of mobilization for suppression of the communist rebellion" and repeal of the "Provisional Regulations for the Period of Mobilization for Suppression of the Communist Rebellion," the Taiwan authorities found it more and more difficult to continue the "mobilization for suppression of the communist rebellion" system and therefore was compelled to decide on the termination and repeal. These KMT moves, which lasted for over 40 years and which did not win people's approval, were finally publicly terminated. Although the announcement came a little late, it is still conducive to removing the man-made barriers and promoting relations between the two sides of the strait.

The regret is that some of the Taiwan authorities, who possess real power, still claim that termination of the "period of mobilization for suppression of the communist rebellion" and repeal of the "Provisional Regulations for the Period of Mobilization for Suppression of the Communist Rebellion" do not mean that the hostile state between the two sides of the strait has been eliminated, nor does it indicate that the Taiwan authorities' anticommunist policy has changed. Some people even say that the CPC is "in the legal sense and in the opinion of judiciary organs," "still a rebellious organization," and that the "rebellion" is "still there but will not be put down by means of suppression." This contradictory attitude does not help the development of relations between the two sides of the strait. We hope that the Taiwan authorities will value the fundamental interests of the country and nation; conform to the common aspirations of the people throughout the country, including the Taiwan people; and treasure the good trends of the relations between the two sides of the strait developed in recent years by abolishing the "mobilization for suppression of the communist rebellion" system as a turning point, further changing hostility to friendly relations, thoroughly removing all man-made barriers, overcoming hostile psychology, taking practical measures, promoting direct "three links" and mutual exchanges at an early date, energetically creating conditions, promoting consultation between the KMT and CPC on an equal footing, and working for the motherland's reunification. We believe that as long as both sides have good faith, uphold the "one China" principle, and sit down at the conference table, all problems can be

properly resolved and the motherland's peaceful reunification will surely be attainable at an early date.

Article Quotes Deng on Taiwan's 'Illusions'

HK0606130191 Hong Kong CHING PAO
in Chinese No 167, 10 Jun 91 pp 31-32

[Article by Ming li (2494 7787): "Deng Xiaoping Wants Taiwan To Cast Away Its Illusions"]

[Text] Deng Xiaoping says: I think the Taiwan authorities are still unable to make up their mind to cast away impractical "illusions." They have recently shown a bit of flexibility, at long last. This results from the show of strength and the appeal by the Chinese nation.

On 11 May, the CPC mouthpiece, RENMIN RIBAO, carried a commentator's article entitled "On Taiwan Authorities' Termination of the 'Period of the Mobilization for Suppression of Communist Rebellion.'" Obviously, this date was chosen after much deliberation. On that very day, the "Fourth National Representative Conference of Taiwan Compatriots" formally opened. According to some information, this commentator's article was written by Wu Xueqian, Political Bureau member and vice premier in charge of the work on Taiwan.

Why CPC Does Not Seal Off the Straits

Prior to this, at a discussion with Jiang Zemin, Yang Shangkun, Li Ruihuan, Wanli, Wu Xueqian, and Wang Zhaoguo on 3 May, Deng Xiaoping mentioned how to respond to the Taipei authorities' declaration of terminating the period of mobilization for suppression of communist rebellion. Deng's remark was relayed at the CPC Central Political Bureau and State Council meeting on 5 May. It reached some departments and provinces on 8 May.

The gist of Deng's remark is as follows: The ground on which we put forward the idea of "one country, two systems" across the straits is the consideration of past and present factors and the interests of the people on both sides and their actual respective political systems. This also answers a question. We have every reason and are totally capable of sealing off the Taiwan Straits at this stage, yet we have not done so. Why? Because we hope that the Taiwan authorities will also put forward a more practical proposal for national unification. The CPC and Kuomintang fought each other for over 20 years and have been confronting each other for over 60 years. We have waited over 40 years. We can continue to wait till the end of the 20th century, or even longer. But we have no reason to delay the unification process of our motherland because of man-made obstacles and differences in ideologies and beliefs. We should be responsible to the ancestors of the Chinese nation and to our posterity. We of the communist party never oppress the smaller or bully the weaker. You Taiwan authorities may carry on with your Three People's Principles and we with our socialist construction. With

the goal of national unification in view, we can start a competition of economic construction under our respective systems and learn from each other's strengths. This is the biggest responsibility we can take and the largest promise we can make to the entire Chinese nation and the Chinese people on both sides of the straits. Why CPC Does Not Promise Not to Use Force

Deng Xiaoping continued: I think the Taiwan authorities are still unable to make up their mind to cast away impractical "illusions." They have recently shown a bit of flexibility, at long last. This results from the show of strength and the appeal by the Chinese nation. Taiwan's ruling party authorities should demonstrate their sincerity instead of sedulously creating a certain "political" climate and spatial conditions for practicing "one country, two governments" and "one China, one Taiwan." This will lead to nothing but a dead end. It is in view of the aspiration of the Chinese nation as a big family that we advise the Taiwan authorities to face up to all separatist ideas and practices that deviate from the principle of one China, and the perennial delay of unification talks on the excuse of ideological incompatibility in an attempt to make "one China, one Taiwan" a fait accompli. As time advances, there will not be many bargaining counters for negotiation left, and the "attempt" will never become a fact. This is why we do not promise not to use force. We will pay the cost and settle the unification problem by force when it becomes an absolute necessity. The Taiwan authorities have a good idea of this point.

Deng Xiaoping instructed: I think it is necessary to make it clear again and again to lower-level cadres, especially army cadres, that we should not be too impatient or excited. In a word, if a peaceful means such as "one country, two systems" can work, we should do our best to use it. Before it becomes an absolute necessity, we should not use force. This is a national policy and should not be indiscreetly changed.

Some People Suggest Actively Preparing for War

According to well-informed sources, the CPC Central Committee Military Commission held an enlarged meeting toward the end of April and discussed unification of China through "one country, two system" and settlement of the Taiwan issue. The participants came to a consensus that "one country, two systems" is the most practical principle for unifying the two sides. A fairly large number of military leaders expressed indignation over the reluctance of Taiwan authorities to enter into unification talks at the moment and their raising some impractical preconditions. Qin Jiwei, Liu Huqing, Yang Baibing, Chi Haotian, and so on, suggested giving the Taiwan authorities a timetable and leaving no space for creating "one China, one Taiwan" or "Taiwan inde-

pendence" on the part of Taiwan. At the meeting, some military leaders suggested laying a limited blockade on Taiwan Straits and then waiting to see what happens next. When necessary, the blockade should be extended to the whole area. The leaders of some military regions held that steps taken by CPC authorities for regaining sovereignty over Taiwan had been too soft. This matter should be settled as soon as possible so that the great cause of national unification can be accomplished early. Some young and middle-aged division officers in the Beijing and Nanjing Military Regions and the Donghai Fleet wrote to the CPC Central Committee Military

Commission in early March. When touching upon strengthening war preparation and improving modern military maneuvers, they expressed that they are ever ready to fight back any superpower(s) and hegemonists who dare to intervene in or invade our sacred territory, and that they are ever ready to liberate part of our motherland's territory, Taiwan, at the issue of orders by the CPC Central Committee. According to political and military personages, this is a rare phenomenon in the last 20 years. There are also some who think that this is a result of effective political and ideological work at high levels in the army.

END OF

FICHE

DATE FILMED

10 June 1991

